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# USSR Report

CONSUMER GOODS AND DOMESTIC TRADE

No. 42

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USSR REPORT  
CONSUMER GOODS AND DOMESTIC TRADE

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### STATISTICS ON MOSCOW'S DEVELOPMENT 1980-1981

Moscow MOSKOVSKAYA PRAVDA in Russian 23 May 82 p 2

[Text] Elections to local soviets of people's deputies are being held in the capital on 20 June.

At the request of readers we are beginning to publish materials on Moscow's economic and social development over the 2 years that have passed since the previous elections to local soviets of people's deputies which have been prepared by the city statistical administration.

In the 1980-1981 period Moscow's volume of industrial output increased 4.6 percent.

Machinebuilding and metal manufacturing were leaders in development, including instrumentmaking, the automotive industry, the electronics industry, the radio equipment industry and other branches which determine technical progress. The branches of light industry and the food industry underwent further development. Output in these branches increased 1.1 and 2.7 percent, respectively.

There was a substantial increase in the production of a majority of the most important industrial products: ac electric motors from 0.25 to 100 kw, centrifugal pumps, metalworking tools, instruments, automation equipment and spare parts for it, power transformers, refrigeration units, machine tools with numerical programmed control, reinforced-concrete structural elements, television sets and furniture.

In that period the plan was exceeded by 4,000 tons of rolled products of ferrous metals, 2,795 motor vehicles, including 1,920 trucks, 345 cars, 120 metal-cutting machine tools with numerical programmed control, 23.8 million rubles of instruments, computer equipment and spare parts for them, 2,300 centrifugal pumps, 167,000 household clocks, 2,600 tape recorders and 15 million rubles worth of furniture.

Durable consumer goods and housewares produced at the city's industrial enterprises exceeded the figure of 6 billion rubles. Their output increased 13 percent.

A planned effort was made for the construction, reconstruction and retooling of industrial enterprises. In the years that have passed since the previous elections 1.5 billion rubles of capital investments have been spent for these purposes. The volume of capital investments in industry increased 6 percent over that time. In Moscow's industry fixed productive capital worth 1.5 billion rubles has been put into service. Three new industrial enterprises have been built.

Reconstruction and retooling projects included the "Serp i Molot" Metallurgical Plant, the "Stankolit" Iron Foundry, the "Detskaya Kniga" No 1 Factory, the "Zarya" Footwear Association, the "Voskhod" Paper Products Production Association and others.

In all, 96 very important production facilities and capacities went into service.

Work continued to supply industrial enterprises with equipment to mechanize and automate production processes. Over this period about 300 sections, shops and production operations were fully mechanized and automated, and 500 mechanized flow lines and automatic production lines were put into service.

More than 2,000 units of fully mechanized and automatic equipment, units and installations have now been introduced at industrial enterprises. The capital-labor ratio rose 14.3 percent and the power-labor ratio 5.4 percent.

There has been a steady increase in production efficiency and the quality of performance. The entire growth of industrial output was achieved by raising labor productivity. About 700 prototypes of new models of machines, equipment, instruments and automation equipment were created. There were 321 new machinebuilding products put into series production, including machine tools with numerical programmed control, automatic and semiautomatic indexing machines, high-precision machine tools, electrical equipment, pump and compressor equipment and other equipment. At the same time more than 160 outdated models and designs were withdrawn from production. The economic benefit from applying advances of science and technology in Moscow's industry amounted to more than 400 million rubles.

The volume of output of products in the superior-quality category in the total volume of output increased 16.6 percent over 1979. At the present time about 5,000 products bear the state Quality Emblem.

One of the most important directions for increasing the efficiency of operation of work collectives is further development of work-team organizational forms of work.

Now 53 percent of the enterprises have been converted to evaluation of performance according to the indicator of net normative output. Fulfillment of the plan for the principal indicators is considerably higher at those enterprises than at others.

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CSO: 1827/133

## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### PLANTS NOT PRODUCING DUE TO INSUFFICIENT PACKING CONTAINERS

#### Canning Jar Shortage

Moscow KOMSOMOL'SKAYA PRAVDA in Russian 4 Jun 82 p 2

[S.P. Artemenko, chief of the Main Administration of Food Industry of the Central Union of Consumers Cooperatives, interviewed by correspondent P. Yevglevskiy: "The Glass Barrier or How Lack of Containers Holds Back Production of Canned Products at Enterprises of Consumers Cooperatives"]

[Text] Decisions of the May (1982) Plenum of the CPSU Central Committee assigned the task to consumers cooperatives to increase by 1990 the production of canned goods 1.4-fold. This means that by the end of the following five-year plan more than 2 billion standard cans are to be produced per year. They would be of the most diverse vegetables, vegetable oils, meats and fruits. And in broader assortment, better quality, in diverse packaging.

S.P. Artemenko, chief of the Main Administration of Food Industry of the Central Union of Consumers Cooperatives, answers the questions of our correspondent P. Yevglevskiy.

[Question] How do the personnel of the canning industry prepare for the fulfillment of the set tasks, what questions bother the sector's workers?

[Answer] It goes without saying that fulfillment of the set tasks is not an easy job. It requires of the workers of the sector more efficient utilization of production capacities and the production of a higher output even in the current season. Placing our reliance on the assigned raw-material zones, we shall make fuller use of such sources of production of raw materials as purchases of surpluses of agricultural products from the population and from members of orchard and vegetable-garden cooperatives and also increase nontransportable, substandard products suitable for processing.

All this brings to the forefront the question of provision of industrial enterprises with containers.

[Question] What is the nature of this problem?

[Answer] I shall not dwell on what was done. Let us speak of what is urgent. First of all on our own attitude to the use of available resources. Let us take, for example, Cherkasskaya Oblast Union of Consumers Societies. Its plants put out 100 million standard jars of products in a year (one-fifth of the sector's entire volume). But the collection and deliveries to plants of returnable containers are poorly managed by cooperative members. Last year, they conscientiously selected sources for new containers, but the target for collection of returnable containers was only one-third fulfilled. Today the lesson has not been proved useful.

Of course, we have many consumer cooperatives, which both in the past and this year have been doing a good job of organizing the collection and shipment of glass containers to the sector's plants. But others exist which have not been fulfilling their targets for a long time. Last year targets were not met by the Turkmenian, Armenian and Ukrainian unions of consumers societies. Of these only the Turkmenian has rectified the situation. The Armenian fulfilled only 70 percent of the target for the first quarter and the Ukrainian--only 49 percent.

As a result of the lags of these and other consumers cooperatives, in 1981 receipts of half-liter jars were 55 million each short and in the first quarter of this year, the shortage was 40 million each. A big loss! And it must be made up without delay.

[Question] You spoke of collection of containers by the cooperative system. How are deliveries from other organizations?

[Answer] Our suppliers do not provide in full allocated stocks. As for the stocks themselves, the different kinds of jars, here there is a lot of disorganization.

[Question] Namely what?

[Answer] The main thing that bothers us in particular is allocation of container stocks for above-plan production. This has not been done so far. But it should be. I can show this by way of an example.

Uzbek cooperative members sent to the Bukhara Canning Plant one year ahead of schedule Yedinstvo-300, the strongest tomato line in the industry. To begin work, they would have to have approximately 1.5 million 1-liter, 2-liter and 3-liter jars. They had none in stock. And so it happened that the enthusiasm of the makers was for naught.

[Question] And what is the situation in regard to covers for the glass jars?

[Answer] I can't help but note that their stocks are growing. But not in such volume as to satisfy requirements at least for the fulfillment of the production plan. This year we have to find an additional 160 million covers. But where? In addition, those that have been obtained do not completely meet the requirements of the standards for food products.



[Question] The food program points to the need of increasing the sale of food products in small-size packaging and packing. What is being done in regard to this in your industry?

[Answer] At six food enterprises of the consumers cooperative society automatic lines are in operation for packaging of preserved products (jams, grated vegetables, berries, fruits, preserves and butter) in different kinds of shaped containers made of stiff food polyvinyl chloride film weighing 50 to 250 grams. But the total production capacities of all the lines are used only 16 percent.

One reason is that plants are not supplied with sufficient film. To all of our requests for an increase in deliveries, the All-Union State Cost-Accounting Association for Industrial Plastics replies with a curt no.

[Question] What kind of containers are used for product shipments?

[Answer] Formerly wooden cases constituted a monopoly. At the present time, we have initiated the use of corrugated packing. The Central Union of Consumers Cooperatives has built a large combine in Zheleznogorsk in Kurskaya Oblast. It produces 62 million square meters of such packing. But since we do not have our own raw material, the lion's share—more precisely, 90 percent—of the finished product is turned over by us to fill the orders of other agencies.

We have the possibility of modernizing the combine and increasing its capacity approximately 1.5-fold. It is understood that with such interest the receipt at least of no less than one-half of the increased production would satisfy us. In my view, such conditions would not be detrimental to the interests of the parties and would benefit the state as a whole.

[Question] Are there other types and methods of progressive packing that would make it possible to expend valuable wood materials more economically?

[Answer] The mass publicity combine of Ukoopsoyuz [expansion not known] has developed a new type of batch packing of preserved foods in polyethylene packages. One such package, 570 by 700 millimeters in size, can hold six 3-liter containers. The package can be used at any canning plant, where they use molds in working, which means everywhere.

The combine initially will be able to put out 210,000 packages in a year. This will require 300 tons of industrial polyethylene. We have turned to Gosplan USSR. If it does satisfy our request, then we shall be able to use this new packing on a wide scale in the present season.

In conclusion, I would like to bring to mind one of the tasks set in the food program of the country: "Gosplan and Gosnab USSR to carry out necessary measures for satisfying the requirements of the food sectors of industry, trade and agriculture for containers and packaging materials." I think that the fulfillment of this task even during the present season would have a marked effect on the operation of food enterprises.

## Jar Top Shortage

Moscow TRUD in Russian 8 Jun 82 p 2

[Article by Ye. Pestrukhina: "One More Time on the Canning Cover"]

[Text] The articles "About the Canning Cover" and "Housewives Await Cover," published toward the end of last year, provoked a large readers' response. Husband and wife Berzhanskiy from Groznyy, V. Klimovich from Khar'kov, T. Kuz'menko from Tselinograd, A. Kuterin from Minsk and many others describe the difficulties they have in trying to get such a simple and essential housekeeping item, and they want to know when the covers finally will not be in short supply.

Let us remember that the newspaper articles mentioned that the production of the covers at the Stavropol'skiy Instrument Repair Plant and Kuybyshev Metallurgical Plant imeni V.I. Lenin is being held back because of a shortage of rubber sealing rings. But in general, of the several hundred enterprises of different ministries producing the covers, hardly one can boast of scheduled and full delivery of the rubber rings.

"Industry even now is ready to increase the production of the covers at its existing capacities in order to cover their deficit. It's all a matter of rubber," Yu. Volkov, deputy chief of the production administration of the Ministry of Chemical and Petroleum Machine Building, the head for production of accessories for domestic canning.

According to information of the USSR Ministry of Fruit and Vegetable Industry, the requirements of commercial and domestic canning in the country call for about 18,000 tons of food-industry rubber. So far only 16,000 tons of it are being produced.

"The present shortage of rubber rings is due to two reasons: the inadequate capacity of industrial rubber products and the shortfall in deliveries of a basic raw material, separated chalk [separirovanny mel], that has existed over many years," V. Pavlov, the chief of the Soyuzrezinotekhnika All-Union Production Association of the USSR Ministry of Petroleum Refining and Petrochemical Industry, explained. "But next year a new section will go into operation at the Belaya Tserkov' Plant for Industrial Rubber Products, which will fully cover the deficit. Other concrete measures are also being taken, which will make it possible during the present five-year plan to increase the production of rubber linings for canning covers by 10,600 tons. That is to say, if there is chalk."

We have been informed by Yu. Gudkov, the chief engineer of the Administration of the Industry of Lime and Cementing Materials of the USSR Ministry of Construction Materials Industry, problems relating to chalk deliveries have already been solved. The supply of all 11 main producer-plants of the cover rings has come under special control, and their delivery plan was overfulfilled 106 percent in the first quarter. At Shebekino Chalk Plant, the only producer of separated chalk, the operation of a new shop with a capacity of 300,000 tons of chalk per year is underway, and an old shop is being modernized.

And so the concrete and near time periods have been named when the rubber shortage will disappear. If only the shortage of covers would come to an end together with it? Let us remember that there was a time when there was enough rubber and stores sold separately linings for multiuse covers. But then the covers were lacking. Then there was no equipment for their production, or tinplate, or covering varnish... And each time we were promised: look, we are eliminating this shortage—we are going to flood the stores with covers. Time passed, but the way of the covers to the counter was blocked by all sorts of new unexpected barriers. Unexpected because each time that current difficulties were assiduously overcome no one thought of the long term, no one really tried to make up an integrated plan for solution of the problem. That approach actually... stimulated greater shortages of the covers.

While in most countries covers without rubber are used in the food industry and special sets are being produced for the population, consisting of glass jars and covers; in domestic canning practice one-time tin covers with a rubber lining have been used since time immemorial. Each year the industry uses more than 4.5 billion such covers. Another 1.3 billion covers are put out for sale. Mountains of this valuable and by no means surplus tinplate as far as the economy is concerned are to be found in dumps. Is there a need to be surprised that something is always lacking for the production of the covers? How does one accumulate raw materials here?

Transition of the industry to supplying the population with glass covers that can be used repeatedly promises a mass of advantages. The main thing is the quick and irrevocable elimination of the shortage. The fact is that multiuse covers naturally are needed less than one-time ones. Glass workers can now increase their production as there is no problem in regard to raw materials for glass. And what is important is that no further disproportions are foreseen inasmuch as glass plants and enterprises procuring the raw materials for them (as well as, let us remember, the chalk for the rubber) belong to a single ministry—that of the construction materials industry. And a single ministry somehow always manages to take care of its own internal needs.

On the whole, glass covers are advantageous both to the consumer and to the economy. In saying this, we make no discovery. On the contrary, this has been long mentioned by specialists now belonging to the USSR Industry of Fruit and Vegetable Industry's All-Union Scientific-Research Institute of the Canning Industry. The USSR Ministry of Chemical and Petroleum Machine Building, the USSR Ministry of Trade and Gosplan USSR are quite familiar with this. But in practice everything is done the wrong way around.

The production of multiuse covers is proceeding slowly in growth, and the glass ones are not doing too well. All the component parts—rubber, metal fasteners—are provided by the USSR Ministry of Construction Materials Industry only after it has satisfied the requirements for them of the enterprises of the USSR Ministry of Chemical and Petroleum Machine Building, which put out metal covers. The USSR Ministry of Trade has not only not undertaken anything to stimulate the industry for new and promising specimens of glass covers but in general is not very concerned on increasing the production of multiuse covers.

The excessively delayed introduction of multiuse covers into everyday use is being justified with surprising unanimity once again by the shortage of rubber. At the same time, full satisfaction of all the requirements for linings of multiuse covers (they are made of another kind of rubber than the rings for single-use covers) would require only... about one and a half hundred tons of rubber to make up the shortage. A drop in the sea compared to the total volume of the rubber produced for the food industry in the country. And if Soyuz-rezintekhnika--holder of the monopoly for the production of these linings--were seriously faced with the task of destroying this microscopic shortage, it undoubtedly would have found the means for solving the problem even yesterday. But the fact is that no one has so put the task before it....

But the single-use covers are given universal attention and concern. They completely take precedence in the yearly orders of the USSR Ministry of Trade. Following these directives, the industry is constantly introducing new capacities for the production of the single-use covers. Whereas the Ministry of Chemical and Petroleum Machine Building occupied itself several years ago only with multiuse covers, today its Saratov plant is completing construction of a shop, which will punch out a billion aluminum single-use covers. Therefore every basis exists for believing that quite shortly the shortage of the covers can be blamed on an aluminum shortage....

How many times can old mistakes be repeated?

#### Wooden Container Shortage

Moscow SOVETSKAYA TORGOVLYA in Russian 13 Jul 82 p 1

[Interview of N.I. Lykov, chief of the Main Administration for Repeated Use, Supply and Sale of Containers of Gosnab USSR, by correspondent L. Arikh: "The Field Waits for Containers"]

[Text] Chief of Main Administration for Repeated Use, Supply and Sale of Containers of Gosnab USSR N.I. Lykov answers questions of our correspondent L. Arikh.

The chief of the Main Administration for Repeated Use, Supply and Sale of Containers attached to Gosnab USSR showed several sheets of paper. They bore such headings: "Fight for Containers!", "The Public's Entire Attention to Be Drawn to Questions of Containers," "Solve the Problem of Containers as Quickly as Possible," "The Struggle for Containers is a Struggle for Bread, Sugar, Fruits and Vegetables"....

"These are xerox copies from the popular technical-economic journal TARA I UPAKOVKA [Containers and Packing], which was published in the '30s," Nikolay Ivanovich Lykov explains. "As you see, the problem of containers even then was of serious concern to society."

[Correspondent] What economic significance does the term "containers" have today?



[N.I. Lykov] In his report at the May (1982) Plenum of the CPSU Central Committee, Comrade L.I. Brezhnev pointed out: "... In order to move forward the solution of the food problem, it is necessary to pay more attention to all links of the chain along which agricultural products reach the consumer." One such link of the food conveyor is that of containers. Without them, rapid transportation of products of fields and animal-husbandry farms and their preservation are impossible. But the state of affairs of this sector of the struggle for the harvest, unfortunately, is by no means good."

Last year, due to a shortage of wooden and cardboard containers, enterprises of the country's food industry were unable to send at the propertime to trade more than 1,250,000,000 standard jars of canned vegetables and fruits. A portion of the harvest gets ruined because there is nothing in which it can be transported.

[Correspondent] It would appear that you are casting a stone at your own garden. After all, it is your administration that provides the national economy with different varieties of containers for transportation. Consequently....

[N.I. Lykov] I understand what you mean. But, unfortunately, the timely and total provision of agriculture with containers depends not only on our administration but also on enterprises that are called upon to produce containers and to deliver them in time to the consumer as well as on consumers themselves. Notice how the crates are handled in food stores, at warehouses and at vegetable depots. Cardboard and wooden boxes are frequently burned in bonfires; in the fields they are crushed by the wheels of motor vehicles—frequently they perform any functions except the one they are intended to perform: transporting of foodstuffs in an undamaged state.

[Correspondent] Does that mean that careful handling of containers constitutes one of the most important problems of the day?

[N.I. Lykov] Without a doubt. The manufacture of containers is not the simple task that might appear to be at first glance. You take several boards, nail them together and you have a ready-made crate. But you don't just find the boards on the road. In order, for example to ship fruit and vegetable produce just from Moldavia in the course of one season, it is necessary to have 472,000 cubic meters of timber—the same amount of raw material goes into the fabrication of ordinary boxes. Load this timber on railroad cars and you have a railroad train 300 kilometers long. And for the country as a whole, the requirement for timber for the fabrication of wooden containers is approximately 80 million cubic meters of which more than 27 million cubic meters are of fresh, as we say, wood. Even a nonspecialist can see on how large a scale this is.

[Correspondent] Nikolay Ivanovich, it seems to me that you have quoted all these figures with a certain amount of concern....

[N.I. Lykov] There is a reason for this. The requirement for containers grows with each year, which means that increasingly more timber must be cut down for this purpose.

[Correspondent] What do you see as a way out of the developed situation?

[N.I. Lykov] There is a way out. It involves the replacement of wooden containers with more progressive and economical forms of packing--cardboard and polymer. A certain quantity of such containers is being made today, but it is very small--many ministries and departments consider the production of containers to be a burden to them.

I shall cite some more figures by way of explanation. It is possible to make 37 wooden crates from one cubic meter of timber. But when the latter is processed into cardboard, you can then get 158. Once by making 3.7 million polymer boxes, one of the associations of the USSR Ministry of Food Industry saved half a million cubic meters of timber. And still you cannot get along without wooden boxes. But each year a million boxes are untimely removed from circulation. At the same time we constantly receive alarming telegrams: "We have a shortage of containers." We decided to check out one such notification last year.

A phone call was received from Moldavia complaining and demanding help in connection with containers. We then assembled a special group of people for checking this out and sent them to Moldavia. Our specialists did not return with empty hands--they put on motion-picture film everything they encountered. Later we showed the 20-minute documentary film to colleagues from Gosstab USSR. The cadres were depressed: crates, which the republic seemingly did not have, were being burned in bonfires, or broken in handling, or being soaked in the rain in the fields or on the road. More than 17 million boxes were lost last year in Moldavia.

Try to make up such losses! It is true that today much has changed in the republic. They understood here that with careful handling of containers the need would disappear for "knocking out" funds and thousands of tons of agricultural produce would be saved. It is no accident that last year construction was started in Moldavia of one of several cardboard factories, which, it is specified, will work essentially with waste paper. This factory will start producing cardboard, which will go into the production of containers. It is quite possible that the need will then disappear of shipping here timber from the north and northeast of the country, time will be saved, the need will disappear for railroad shipments for this purpose.

For example, they were able to achieve this at Gigant Sovkhoz in Krasnodarskiy Kray. By making and introducing multiuse containers, the farm has achieved a colossal saving of its produce on the route of "field--sorting location."

[Correspondent] Nikolay Ivanovich, mass harvesting of early vegetables has been started in the south of the country. What times in the use of containers would you suggest to "komsomol searchlight specialists" to devote special attention to? Would you please mention places where they are careless with packing materials for the harvest, in a word, the place of immediate interference.

[N.I. Lykov] I probably should begin with the last-named. An alarming situation has been created in Arkhangel'skaya Oblast and Bashkirskaya ASSR. Due to a shortage of railroad cars, more than 4 million boxes have been accumulated here. For this reason containers have not been shipped for a long time from Leningrad Oblast. Spotters should devote their chief attention to wooden boxes. On the way to the user, they are transferred tens of times, they are shipped by rail and by river, motor vehicle and airplane. Frequently the first shipment of boxes is their last. They are shattered or broken.

If you see that boxes are lying in a pile on the earth under the open sky, you can count on 5-10 percent of them being already spoiled. And this is how containers are stored in many regions of our country, particularly in Astrakhan-skaya Oblast.

Pay attention to loading of containers. Unfortunately, last year farms of Krasnodarskiy Kray and Azerbaijan failed to use full capacity of boxes by 6-7 percent. As a result, a large number of additional containers was required.

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CSO: 1827/137

## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### IMPROVING PLANNING OF WORKING CAPITAL IN RETAIL TRADE

Moscow FINANSY SSSR in Russian No 6, Jun 82 pp 18-20

[Article by V. P. Boykov, docent of the Leningrad Institute of Soviet Trade  
imeni F. Engels, candidate of economic sciences]

[Text] The Basic Directions for the Economic and Social Development of the USSR Over the Period of 1981-1985 and Up to the Year 1990 speaks about the need to speed up the rate of turnover of working capital in the national economy by 2-3 days. More than 19 percent of all the economy's working capital is being used in the trade sector, and that amounts to 83 billion rubles. That is why speeding up its turnover by just 1 day would make about 800 million rubles available. Distribution costs under the designation "Interest on Credit" for the use of borrowed working capital exceeds 700 million rubles annually.

In the 10th Five-Year Plan the rate of turnover of working capital speeded up in the trade sector. Inventories of goods in the retail network (at the end of the year) in days of turnover dropped from 84 to 77 days.\* But changing these indicators cannot be recognized as constructive, since it occurred mainly because of the shortage of a number of goods and not because of an essential improvement in the commercial activity of enterprises and organizations in the trade sector.

Plans in the 11th Five-Year Plan call for producing consumer goods at a faster pace than means of production, which will make it possible to substantially replenish commodity resources and eliminate the deficit of certain products. That is why the search for ways of speeding up the turnover of working capital is a very urgent task. We must note that the rate of turnover of working capital depends not only on the volume of sales, but also on the size of inventories of finished goods. Increasing the latter, other things being equal, tends to slow down the rate of turnover of working capital. Thus the trade sector is now faced with a dual task of replenishing inventories of finished goods and speeding up the rate of turnover of working capital. Comrade N. A. Tikhonov, chairman of the USSR Council of Ministers, pointed out at the 26th CPSU Congress: "There is still another substantial potential for overcoming or at least mitigating the shortage of a number of resources. This is proper

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\* "Narodnoye khozyaystvo SSSR v 1980 g." [The USSR National Economy in 1980], Moscow, Finansy i statistika, 1981, p 433.

management of production stocks." That kind of reserve also exists in the trade sector.

In retail trade at the present time working capital is planned on the basis of the new instructions on methods of drafting the plan of the economic and social development of the torg [trade organization].\* They call for two different methods of determining the allowance of "own" working capital for the fourth and first, second and third quarters. The method for the fourth quarter is based on technical-and-economic calculations and is the most acceptable.

The method proposed for the other quarters of the year is not conducive to optimization of the allowance of own working capital nor to speeding up its turnover. The point is that when there are no sharp seasonal fluctuations of turnover in the torg, the annual growth of the allowance is uniformly distributed by quarters (25 percent of the total growth). The total growth of the allowance of own working capital for the year is defined as the difference between the allowances for the fourth quarter of the planning year and the year previous to that-- $8,696.9 - 8,206.9 = 490$  (see Table 1).

Table 1. Calculation of the Allowance of Own Working Capital for the Planning Year in the Torg (According to the Methods Instructions of USSR Mintorg [Ministry of Trade])

Indicators	Fourth Quarter of Previ- ous Year	Quarters of the Planning Year			
		I	II	III	IV
Retail sales, thousands of rubles	15,034	15,055	15,300	14,994	15,851
Growth of the allowance of own working capital for the year--490,000 rubles					
Allowance of own working capital calculated by distributing the annual growth of the allowance as follows:					
a) in the proportion of 25 percent for each quarter, thousands of rubles	8,206.9	8,329.4	8,451.9	8,574.4	8,696.9
b) in proportion to each quarter's relative share of sales, in thousands of rubles	8,206.9	8,327.4	8,449.9	8,570.0	8,696.9

\* "Metodicheskiye ukazaniya po razrabotke plana ekonomicheskogo i sotsial'nogo razvitiya torga (torgfinplan torga)" [Instructions on Methods of Drafting the Plan for Economic and Social Development of the Torg (the Turnover and Financial Plan of the Torg)], USSR Ministry of Trade, Moscow, Ekonomika, 1980.



In our view the deficiency of this method is that the volume of sales is as a rule nonuniformly distributed among the quarters of the year. But this method recommends that the growth of the allowance of own working capital be distributed uniformly among quarters. Nor does it solve the problem to distribute the growth of the allowance of own working capital in proportion to the relative share of each quarter's sales. The figures in the table indicate that the allowance of the third quarter was established considerably higher than in the first and second quarters, though the volume of sales was smaller in it. Moreover, a constant rise of the allowance from quarter to quarter is planned even though the volume of sales in certain quarters not only does not increase, but in fact decreases.

All of this is making it necessary to seek new ways of solving the problem. It would seem that a step forward in determining the optimum side of the allowance of own working capital by quarters of the year is represented by the method whose essence is that after determining the allowance of own working capital for the fourth quarter of the planning year, one should establish the volume of sales in the first, second and third quarters in percentages of the fourth quarter of the planning year. For example, the volume of sales in the first quarter was 0.95 of the fourth quarter ( $15,055 : 15,851$ ) and 0.96 and 0.946 of the second and third quarters, respectively. By multiplying the allowance of own working capital in the fourth quarter by the percentage of the volume of sales of the first quarter to the fourth, we determine the allowance of own working capital for the first quarter. It will be 8,262,000 rubles ( $8,696.9 \times 0.95$ ). The allowance of own working capital in days can be determined by dividing the sum total of the allowance by the 1-day turnover of the relevant quarter.

To illustrate the method proposed and to show the features that distinguish it from the method set forth in the methods instructions, we will give the example of calculating the allowance of own working capital of a torg in the planning year (Table 2).

Table 2

Indicators	Fourth Quarter of Previ- ous Year	Quarters of the Planning Year			
		<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>
Retail sales, thousands of rubles	15,034	15,055	15,300	14,994	15,851
Growth of the allowance of own working capital for the year--490,000 rubles					
Allowance of own working capital calculated by distributing the annual growth of the allowance as follows:	8,206.9	8,262.0	8,392.5	8,227.2	8,696.9

Table 2 (continued)

<u>Indicators</u>	<u>Fourth Quarter of Previ- ous Year</u>	<u>Quarters of the Planning Year</u>			
		<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>
a) in the proportion of 25 percent for each quarter, thousands of rubles	8,206.9	8,329.4	8,451.9	8,574.4	8,696.9
b) in proportion to each quarter's relative share of sales, in thousands of rubles	8,206.9	8,327.4	8,449.9	8,570.0	8,696.9

It is evident from the table that the size of the allowance of own working capital by quarters depends directly on the volume of sales. For instance, in the third quarter, when the volume of sales was smallest, the allowance of own working capital was also set lower. At the same time, in accordance with the new methods instructions of Mintorg, the allowance for that quarter is set higher than for the first and second quarters, though the volume of sales was smaller. We should note that in all cases the annual rise of the allowance of own working capital (490,000 rubles) is entirely distributed.

Thus the essence of the method proposed is that the allowance of own working capital should be determined for the respective quarters of the year as follows: First, on the basis of the allowance of own working capital for the fourth quarter of the planning year, which is calculated by technical-and-economic methods; second, other conditions being equal, it is determined from the volume of sales of the respective quarter.

The figures given in Table 2 show that the average annual allowances of own working capital calculated by the average chronological method would be 8,394,600 rubles as proposed by the author and 8,513,200 and 8,511,000 rubles, respectively, according to the first and second methods proposed in the methods instructions. As a result the rate of turnover of working capital according to the allowance in the first case is nearly 1 day faster, or 2 percent, than in the second and third cases.

An optimum and scientifically sound allowance of own working capital by quarters of the year can be established only if its close relation to the volume of sales is taken into account. This method does not altogether solve the problem of improving the planning of own working capital in the trade sector. It is aimed at improving that planning by quarters of the year and is a contribution to solving this problem as a whole. Further improvement of methods of planning own working capital will help to speed up its turnover and improve the efficiency of the trade sector.

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### FINANCIAL ACCOUNTS OF CONSUMER SERVICE ENTERPRISES WHEN THEY COOPERATE

Moscow FINANSY SSSR in Russian No 6, Jun 82 pp 38-40

[Article by N. A. Breslavitseva, candidate of economic sciences]

[Text] The future progress of the consumer service sector depends in large part on development of specialization and cooperation. However, the problems of financial-economic relations among the cooperating enterprises have not been worked out as yet. A lengthy study of the problem as manifested in consumer service enterprises in Rostovskaya Oblast and Krasnodarskiy Kray made it possible to work out the following "Method of Determining Release Accounting Prices in Intrasector Cooperation of Consumer Service Enterprises."

Cooperation in rendering consumer services is a form of business relations among enterprises jointly manufacturing and selling articles, doing jobs and performing services for the public. The services and jobs performed by specialized enterprises (SP) through cooperation with rayon and city multiple consumer service establishments (KBO) and production administrations (PU) are paid for by those who order them at the current list prices without any sort of supplements. On this basis determination of the release accounting prices of cooperating enterprises is a process of dividing the list price for the service into two parts. One of them should reimburse the costs of rendering services at the specialized enterprise and the other the costs of multiple consumer service establishments and rayon PU for the information of customers and advertising, to take orders, for shipping and sale, and in certain cases also for finishing work.

When a consumer service is rendered within the sector on a cooperative basis consumer service enterprises come into direct contact with the customer, receive his money for the service at the full list price. Pursuant to contracts the KBO and PU must credit a part of the proceeds to the specialized enterprises. That is why the release accounting price ultimately determines the share of the specialized enterprise in the list price of the service that is to reimburse production costs and furnish profit to the specialized enterprise.

It is advisable that accounting prices for services rendered through cooperation not be established in an absolute amount for a particular article or service, but in percentages of the value of the service in the list price. This greatly simplifies computations, especially when there is a wide range of



products covered by cooperation and when the assortment of products and services is not constant, when it often changes under the impact of fashion, the season, the availability of consumer goods in retail trade, and the quality and cost of materials.

Cooperation in the rendering of consumer services does have its peculiarities, and they can have an influence on shaping the structure and level of release prices. It is manifested in various forms and above all in this one: production relations between enterprises in joint manufacture of products. This form of cooperation is relevant to the manufacture of semifinished garments and knitwear, parts to repair household appliances, workpieces for making shoes, and so on; business relations in which one enterprise takes the order and makes delivery to the consumer, while the other does all the manufacturing. This includes the dry-cleaning of clothing, custom shoemaking, the repair of appliances and household equipment, etc. These types of relationships have the result that in some cases only nonproduction costs are distributed, while in others the production costs are also distributed.

Determination of accounting prices for cooperative arrangements is complicated by the fact that each type of service and every cooperating enterprise has greatly differing profitability. From one enterprise to another the profitability of one and the same types of service and product varies from negative to comparatively high profit. So, aside from substantiating the amount of material costs and labor input to be reimbursed, it is equally complicated to determine the planned level of profitability within the price. The economic motivation to expand cooperation not only on the part of rayon KBO and PU, but also for the SP, will be determined as a function of the method adopted for calculating the proportion of accumulation.

When the volume of services rendered through cooperation increases, specialized enterprises derive a definite economic benefit. At the same time, because of the increase in the service area, shipping costs increase. If the volume of cooperation is negligible, the additional transportation costs increase substantially, and the production cost as a whole rises. Taking into account these peculiarities, the release accounting prices ( $R_{ts}$ ) are best determined from the following formula:

$$R_{ts} = 100 - Z \cdot ([S \cdot (1 + [P/100])]/Z_{pl}),$$

in which Z--normative wage of KBO and PU personnel for services under cooperative arrangements in kopecks per ruble of services through cooperation;

S--annual planned production cost of rendering services through cooperation in the KBO and PU, thousands of rubles;

P--planned ratio of profitability of services to production cost, percentage;

$Z_{pl}$ --annual planned wages of KBO and PU personnel for services covered by cooperation, thousands of rubles.

A sample calculation has been made according to this formula. A multiple consumer service establishment is cooperating with a specialized dry-cleaning enterprise. It pays those who take in the orders for services performed on a cooperative basis wages in the proportion of 9 percent of the value of the orders taken, or 9 kopecks per ruble of revenues. According to the planned calculation  $S = 4,500$  rubles,  $Z_{pl} = 2,300$  rubles and  $P = 10$  percent, so that

$$R_{ts} = 100 - 9 \cdot ([4,500 \cdot (1 + [10/100])]/2,300) = 100 - 9 \cdot 2.1 = 100 - 19 = 81.$$

In our example from every ruble of proceeds received for the services performed on a cooperative basis the KBO would credit to the specialized enterprise 81 kopecks, leaving 19 kopecks for itself. The accounting release price is 81 percent. In establishing release accounting prices according to the proposed method it is best to adhere to the following principles.

Release accounting prices are determined so as to take into account above all the operating conditions of multiple consumer service establishments. The reason for this is that KBO and PU bear direct responsibility to customers for the quality and promptness with which orders are filled. The specialized enterprises derive a definite economic benefit from development of cooperation because of concentration of production, which unfortunately is not taken into account at the present time. They have more economic capabilities to cover the additional costs not reimbursed at first by the economic benefit.

The social need to develop services in rural areas and equalization of the levels of living and the urban and rural populations justify the need to reimburse additional costs for the KBO, the PU and especially for the SP, where the economic potential is higher. This does not mean, however, that any individual costs of the multiple consumer service combine or production administration should be included in the price and thus reimbursed. Determination of the production cost of services rendered on a cooperative basis should be based in the KBO and PU not on individual performance, but on sound standard indicators. Every item of the production cost should be determined on the basis of the standard costs of materials, wages, rate schedules for shipping services, and so on. The costs for items not covered by standards have to be determined on the basis of planning (estimate) calculations. Such calculations should be verified when necessary by an uninterested or superior organization.

In those not infrequent cases when the list price is not sufficient to build up normal profit of cooperating enterprises, it is permissible to lower the planned level of profitability in the price. Then planning the rate of profitability in the price ( $P$ ) must be limited for the multiple consumer service establishment and production administration: It is desirable that profitability not go below 10 percent, but in no case should it be higher than the profitability of the specialized enterprise. Including profitability in the calculation of prices within the limits of its actual level in the KBO and PU, but not less than 10 percent and not more than the profitability of the SP, guarantees that the multiple consumer service establishments and production

administrations will be motivated, and at the same time it does not detract from the economic interests of the specialized enterprises. The higher economic motivation for the KBO and PU will stimulate a growth of orders, which ultimately will create favorable economic conditions in the future not only for the multiple consumer service establishments and production administrations, but also for the specialized enterprises.

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### WHY RURAL STORES ARE UNDERSTOCKED

Moscow EKONOMICHESKAYA GAZETA in Russian No 21, May 82 p 17

[Article by O. Artynskiy: "Searching for Mutuality"]

[Text] Both the customer and the seller know about this: The first commandment of trade is the goods must be on the shelf in a wide assortment and must be of high quality. But is this always the case? That is the trouble, there are lapses: Either the selection of goods is poor, or their quality leaves something to be desired. Who, as they say, is the loser? The customer, of course. Well, and the trade sector? Can this be advantageous?

"Nor do we benefit," agrees Ye. Smirnov, chief of Roskoopssportkontora. "As part of the cooperative system we encounter the problems referred to every day. The main trouble is the lack of mutual cooperation with those we cooperate with...."

It is instructive: The difficulties were discussed by an official of one of the best among the 24 similar organizations of Rosglavkooppromtorg. Its staff repeatedly takes advanced positions in socialist competition within the system of Rospotrebsoyuz [RSFSR Consumer Union]. This specialized sales office handles sporting and recreational goods, supplying them to more than 300 wholesale cooperative organizations in the republic--oblast, interrayon and general depots--from 400 industrial enterprises. It has a large warehouse facility, there is a cluster data processing and computer center, for difficulties in supplying sporting goods to rural areas have not been eliminated.

Shortages. Why?

"Last year," says V. Zhdanov, the office's deputy chief for commercial transactions, "wholesale turnover, including the two wholesale depots for durable consumer goods in Tula and Kalinin which are under our jurisdiction, exceeded 800 million rubles. We deal in sporting goods, involving at least 1,000 specific items. But those are only those which we obtain from stocks; the full list is three times as long."

The question, you yourself understand it, is inevitable: And where do the subcontractors obtain the rest? They buy it in the krays, oblasts and autonomous republics, literally at the local level from the wholesale depots of

RSFSR Mintorg [Ministry of Trade]. It would seem to be an ordinary matter. This procedure did not come about yesterday, nor today, but has existed for years. But it is the reason why the assortment of goods in rural stores is sometimes scanty. What is the trouble here?

The present system of supply of sporting goods to cooperative organizations is through two channels--the wholesale depots of RSFSR Mintorg and Rospotrebsoyuz.

"Any potrebsoyuz [consumer union]," says A. Polyakov, chief of the office's division for market conditions and demand, "can obtain allocated skis and ice skates at their own wholesale depots. But for other sporting goods they must 'knock on the door' of another department--the main administration of the republic's Mintorg, Roskul'ttorg, and for knitted athletic wear, hosiery and gloves they must go to Rostorgodezhda and Rosgalantereya, and for athletic footwear to Rosobov'torg. They can allocate the goods if there are surpluses.... But that does not happen often. As a result there are gaps in the goods that go to rural stores."

What is the way out? Polyakov's idea is this. Since the office is responsible for supplying sporting goods to rural customers, it makes sense to allocate its stocks covering the entire list of sporting goods which it would supply to wholesale depots, and they in turn in full assortment to retail trade.

#### No Feedback

But something still will have to be changed if difficulties are not to be experienced with selling goods on a piece-by-piece basis. The wholesale depots of the cooperative organizations have data on the number of articles sent to retail trade--the assortment, styles, items, grades, sizes, and so on....

The network of specialized trade organizations in rural areas is inadequate. For the entire RSFSR there are 136 "Sporting Goods" stores. On the average there are two such stores for each oblast or kray consumer union. But in certain oblasts there are none at all. Sporting goods are sold in tiny sections and departments of department stores. It is difficult for store personnel to identify which sporting goods are in greater demand and which in less demand, to constantly follow the level of stock, and so on. Moreover, retail trade enterprises report to the potrebsoyuz on Form 3-torg. But it does not have a column on sales of particular articles in a breakdown. The only requirement is to give the total amount of sales for the quarter and remaining stocks for the groups "Sporting Goods," "Radio Equipment," and so on. At least 700 different items are accommodated in the report on one line--"Sporting Goods." The result is that the depots know what quantities of what goods they have sent to the stores, but the wholesale unit does not know what quantities of what goods have been sold there. And retail trade also sends its reports to the potrebsoyuz's rather than to the depots. From there they are sent to the kray and oblast statistical administrations. Which means that there is no feedback. And this complicates the work of redistribution of goods.

Aside from that, the demand for sporting goods is seasonal. Bicycles are usually bought in March, and skis in November. This means that sizable stocks of



goods need to be built up before beginning of the season in order to satisfy the demand. But this has an effect on the rate of turnover and, as they say, it comes down to the trade organizations counting every kopeck: Gosbank charges 2 percent interest per annum on credit extended to store seasonal stock, but 10 percent on above-allowance inventories. At the same time the wholesale depots use any pretext anyway to refuse receiving winter goods in the summer and summer goods in the winter because they lack the available storage space. It should be noted that this is not a situation with no way out. In recent years warehouses have been built on a large scale in Rosglavkooppromtorg. Every year the shortage of warehouse space is less and less acute. But how is the storage of seasonal goods to be made possible?

"The wholesale people have to be given motivation," says L. Shakhova, chief of the office's planning and economic division. "The decree on improving the economic mechanism states straightforwardly: allowances on commodity stocks in wholesale trade are to be raised. And our thought was, how is this to be done? For example, industrial enterprises might grant additional trade discounts to cover the costs of storing seasonal goods. In the wintertime hunting and fishing gear and summer sporting goods pile up in the office's warehouses. We will sell them at the end of April and beginning of May. But the size of the trade discount on these goods is the same all year round--11 percent. Why? Let industrial enterprises give us a larger trade discount now out of their profit, say, 16 percent, and in the season when the goods are not stored, it could be smaller--6 percent. The Instruction on Procedure for Applying Trade and Wholesale Discounts has been in effect now for several years. But industrial enterprises are extremely reluctant to give trade additional funds for storage of seasonal goods.

#### Fewer Containers Are Allocated

The specific features of the office are such that trucking plays an auxiliary role in its productive activity: it has several mobile general stores and trailers for carrying containers to warehouses. Mainly the goods are received and shipped by rail. But relations with the railroad people are far from ideal. The railroad people dictate their terms: before the office was allocated 100 containers at the stations Shchelkovo and Zagorsk, but beginning last year they received only 90 units at each station a month.

That increases overhead. At the end of January unshipped goods worth 240,000 rubles had built up at one of the office's warehouses. They consisted of bicycle and motorcycle spare parts and other goods in short supply, especially necessary to rural areas. They need to be urgently delivered to consumers, but the railroad does not make the containers available. What is the way out? Hasty calls were made to the nearest depots in Ryazan', Kaluga, Orel and Belgorod. They have their own trucks, they can come and take what they can carry. In the end the shipping plan was fulfilled. But at what price? Once again the goods went to those customers who were located at the shortest distance. They did not reach those beyond the Urals, in Siberia.

## Who Is Responsible for Quality?

There is a great deal of manual labor, however strange it might seem, in checking the quality of goods which come in. A. Polyakov said that the division's several buyers and inspectors every year check goods worth more than 5 million rubles. But what is the return from this work? After all, aside from the quality division in the office itself, there are about 300 quality laboratories at wholesale depots and in offices within the system of Rospotrebsoyuz. There are 3,000 people determining the quality of incoming goods. It would seem that the substandard product's road to the customer would be reliably blocked. But goods do reach store shelves with defects.

"The paradox is this," says A. Pleshev, chief of Rosglavkooppromtorg, "we are checking goods that have already left the gates of the enterprise. But does the quality of the finished product depend on the number of people involved in inspecting it? The defects in products must be detected and corrected within the walls of the enterprise."

But at present it is all otherwise. A large amount of time, money and labor are spent at many wholesale depots checking quality. This slows down the rate of turnover of the goods. Would it not be simpler, the cooperative people propose, to organize a staff service of trade representatives at industrial enterprises? Such proposals have been expressed by many readers of this weekly. Perhaps it would be beneficial to conduct an experiment in some region?

In short, cooperative people are seeking closer collaboration with those they deal with, but not to the detriment of contractual obligations. They feel that mutual exactingness will be beneficial to both sides and ultimately to the consumer.

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### REFRIGERATOR MAKERS IGNORE CONSUMER

Moscow TRUD in Russian 16 Jun 82 p 2

[Article by Ye. Pestrukhina: "Many Models, But Little Choice"]

[Text] "There is no shortage of refrigerators. They are to be found in every store. That is why I feel the discussion of them is irrelevant." (From a conversation with V. Zaytsev, USSR deputy minister of machinebuilding for light and food industry and household appliances)

A new year was approaching. The main ministry for the manufacture of refrigerators--Minlegpishchemash [Ministry of Machinebuilding for Light and Food Industry and Household Appliances] had bungled the plan. And every potential in the ministry was mobilized in the effort for ... revision of the plan (downward). The plan was adjusted. But even this reduced plan was fulfilled at only 92 percent. The customers received 212,000 fewer refrigerators than they should have. And after all even the number originally targeted, it must be said, was not so much a reflection of the needs of customers as of production capabilities. This year the decision was made to manufacture 6,105,000 refrigerators--less than was planned last year. Although, defending the interests of customers, USSR Mintorg [Ministry of Trade] has requested 6.8 million refrigerators in the official order signed by the minister A. Struyev.

"Mintorg can request as many as it likes: It's declarations are not binding in any way. One day they submit a request, the next day they change their mind. But we have production, a plan," that is how V. Zaytsev commented on the situation.

We will be getting back to the makes of refrigerators which USSR Mintorg is rejecting and why. At this point let us see what kind of refrigerator the customer wants and what he finds in the store.

One of the principal requirements of a refrigerator buyer is its size. Research shows that the way households are now run, they need 60-80 liters of refrigerator space per member of the family. This means that an ordinary four-member family needs a 280-liter refrigerator. And it is not uncommon for two or three families--parents and children--to live together. According to data of VNIIS [All-Union Scientific Research Institute for Study of Public



Demand for Consumer Goods and Market Conditions for the Trade Sector], the output of such refrigerators meets only half of the demand. They are not to be seen in a single store--they are bought up in a moment. The two-compartment models "Minsk-15," "Minsk-22," "Kristall-9," "Biryusa-15" are snatched up. Their share in the total volume is a mere drop--less than 2 percent.

On the other hand 1.5-fold more small-capacity refrigerators are manufactured than are needed. And this also applies to the medium-sized refrigerators--up to 220 liters. It is they which are standing in the stores creating the appearance of abundance, which is so gratifying to someone in Minleppishchemash. But this cannot deceive customers.

A second important requirement of consumers which a refrigerator must meet is the temperature in the freezer. No one needs refrigerators which have a temperature of only  $-6^{\circ}$  Celsius in the freezer. After all, fresh-frozen vegetables, fruit and partially prepared foods normally kept only at a temperature of  $-18^{\circ}$  are appearing more and more frequently on the shelves of our stores. According to forecasts of VNIIS, almost one customer in five wants such a model. Nevertheless, last year refrigerators with a temperature of  $-18^{\circ}$  represented only 4 percent of the total volume of output.

Although the statistics say today there are about 88 refrigerators per 100 families, the need for them will continue to increase every year, and rather substantially, in view of the demand for replacement. Even now one family in five which has a refrigerator intends to buy a new one. Naturally, a customer in such a situation will become more selective.

Finally, speaking about refrigerators, we also need to think about their brother--the freezer. The "Minsk," "Saratov" and "Biryusa" freezers became a shortage even before they reached the stores. Last year only 11,000 of them were manufactured--only one-sixth of the demand!

"But I know from my own experience that a 250-liter refrigerator is the maximum for any family," V. Zaytsev says. "And  $4^{\circ}$  of cold in the freezer is quite sufficient."

As we see, the main ministry has its own ideas about what is good and what is bad. Is that the reason why the Kishinev Refrigerator Plant did not organize the production of the new 300-liter refrigerator in spite of a decision to that effect, why the Rostov-na-Donu Proletarskiy Molot Plant did not replace the "Vega" refrigerator, which has a temperature of  $-6^{\circ}$  in the freezer, with a model whose temperature is  $-12^{\circ}$ , while the Moscow Refrigerator Plant is continuing to push the "Iney" model, for which there is no demand, instead of the improved model?

Upon seeing such an example of a main ministry, the other departments are in no hurry to spoil the consumer either. The Murom Plant imeni S. Ordzhonikidze and the Orsk Mechanical Engineering Plant did not put into production the two-compartment refrigerators which customers are awaiting with impatience. From the technical point of view the "Dnepr-2" is a living fossil which has been manufactured without changes since 1968 by the Dneprovskiy Machinebuilding

Plant imeni V. I. Lenin. But judging by all appearances, they still do not have any plans to improve the design of their refrigerator.

Convenience is important, but not the only problem which is disturbing consumers. A refrigerator has to meet a high standard of manufacture. The "Minsk," "Biryusa" and "Saratov" refrigerators, which are up-to-date in design and reliable in operation, enjoy a deserved reputation.

Alas, most of the other makes give their owners trouble. Last year alone nearly 400,000 refrigerators needed repairs during the warranty period. At the regular All-Union Conference-Review of Domestic Refrigeration Equipment, which was held at the end of last year, 17 out of the 25 enterprises manufacturing refrigerators were told that their products are not popular and that they need to improve their quality. And the fact that the Smolensk and Alitus Refrigerator Plants, the Orsk Mechanical Engineering Plant and the Production Association Bakelektrobytpribor were among them, since their products have been awarded the honorary pentagon (moreover, the Baku Apsheron was awarded the Quality Emblem soon after the conference), deserves in our view serious reflection and above all action by the personnel of USSR State Committee for Standards.

The percentage of rejects is high among the "Oka," "Polyus," "Yuryuzan'" and especially "Samarkand" refrigerators. To be sure, at the end of last year the Samarkand Refrigerator Plant finally undertook to produce a new model--the "Snezhinka." But this refrigerator is not the last word in engineering. Moreover, it is not enough to put a new model into production. The quality of assembly needs to be improved. At present one refrigerator out of every six from this plant needs repairs during the warranty period--which is twice as often as the average. The Ussuriysk Machinebuilding Plant (which manufactures the "Okean") and the Dushanbe Refrigerator Plant (the "Pamir") enjoy the doubtful distinction of being first among manufacturers of rejects.

Of course, customers do not know all these bad figures. But public opinion has rejected the worst models unmistakably. At the end of last year USSR Mintorg and Tsentrosoyuz jointly made a quick inventory of remainders of refrigerators. It turned out that so many "Pamir" refrigerators have accumulated in the warehouses of stores that even if the Dushanbe plant now stopped making them, the "Pamir" would be gathering dust for another 1.5 years in the stores. More "Ladoga" small refrigerators than can be sold in a year are being stored. There are huge and difficult-to-sell inventories of the "Apsheron," "Vega," "Kordy" and "Samarkand" refrigerators; customers have altogether ceased to take the latter, in spite of its large capacity. Why is the output of these models increasing every year?

Two years ago a paper of the All-Union Production Association Soyuzelektrobytmash was taken under consideration in a session of the Presidium of the Central Committee of the Trade Union of Workers of Machinebuilding and Instrumentmaking. It noted that the production plan for refrigerators was regularly falling short of fulfillment. Development of new models was going slowly, and attainment of rated capacity in production of new models was averaging 4-5 years. The trade union committees did not display initiative in arranging

contacts with supplier enterprises. The decree which was adopted oriented all managers in the sector and its trade union organizations to correct these shortcomings. Since that time the problems of expanding the assortment and improving the quality of refrigerators have been constantly on the agenda of meetings of the commission of the Central Committee of the Trade Union for Consumer Goods. But the top leadership of Minlegpishchemash is firmly convinced that these problems are irrelevant. That is why solving them is solidly frozen for an indefinite period of time.

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## CONSUMPTION TRENDS AND POLICIES

### SURVEY OF SOVIET STATE CREDIT, LOANS

Moscow FINANSY SSSR in Russian No 5, May 82 pp 11-18

[Article by V.S. Zakharov, doctor of economic sciences: "State Credit in the USSR--60 Years Old"]

[Text] Exactly 60 years ago, the development of state credit in the USSR was initiated. In May 1922, the Soviet government issued the First Internal Short-Term State Grain Loan. It was issued for 10 million puds of rye and was essentially placed among the rural population. Peasants were granted the right of using loan bonds in place of a tax in kind. This was one of the preparatory measures for transition from taxation of peasants in kind to their monetary taxation.

State credit is one of the forms of credit relations (side by side with bank, consumer credit). Its characteristic feature is that in relationships within the country the state is the borrower. Creditors can be both physical and juridical entities. Funds for state expenditures are accumulated through state credit on the principle of returnability.

In a socialist society, state credit has a productive character: funds raised with its aid are allocated through the state budget for the financing of the national economy. As a result of this, the necessary prerequisites are created for payment of expenditures relating to state credit and its repayment, which also come from the budget.

At the time of the first loan's issue, the Soviet state practically did not have any internal debt. On the eve of the Great October Socialist Revolution, the 6th Congress of the Workers and Peasants Party (Bolsheviks) designated as one of the measures of dealing with the financial crash "repudiation of payment of state debts, both external and internal, with observance, however, of the interests of small subscribers." Shortly after the revolution, a decree of the All-Russian Central Executive Committee of 3 February 1918 annulled external and internal loans of the Tsarist and Provisional governments.

The sixty-year path of development of state credit in the USSR can be broken down into three stages. The first encompasses 1922-1927 and is characterized by the establishment of state credit, the use of form used in a capitalist economy and the search for new forms.

In the first years there were issued both monetary loans and loans in kind (two grain and one sugar). Moreover, a number of loans were issued in gold computation. The issue of loans in kind and of so-called "gold" loans was connected with the fast loss of value of money in that period. Over the course of a number of years, one of the forms of state credit was payment debentures [platezhnyye obyazatel'stva] of Tsentrokassa [Central Bank] of the People's Commissariat of Finance.

The first loans were of an anticipative character, which was due to the necessity of having a deficitless budget, not resorting to emission of money and also to regulating monetary circulation. The purpose of short-term loans was related to the approach of the time periods of receipt of state income. For example, both grain loans contributed to speeding up the receipt of the agricultural tax and the sugar loan—income from the sugar industry. Such loans actually did not increase the size of the state's resources but only shifted the time period of their receipt; they were therefore short-term. Thus the first grain loan was issued for a period of 8 months, the second for 11 months and the sugar loan for 10 months. A comparable role was played by the payment debentures of the Central Bank of the People's Commissariat of Finance. They shifted the time periods of carrying out state expenditures, inasmuch as they were issued on the strength of budget allocations.

In addition to short-term loans, long- and medium-term loans were also practiced. Thus in 1922, the State Premium Loan was issued for 10 years and in 1924, loans for 5 and 6 years. While short-term loans were basically disseminated on a voluntary basis, coercive measures were used for the distribution of long-term loans. This was due to the necessity of rapid mobilization of funds under conditions of a lack of confidence on the part of a portion of the population in regard to the state's economic policy. The first premium loan issued in 1922 for 100 million gold rubles was compulsorily distributed in part among payers of income tax. The second premium loan 1924 was compulsorily distributed in its entirety among the nonlaboring strata of the population. A certain degree of administration existed in the issue of bonds of the Central Bank of the People's Commissariat of Finance as well as of the bonds of the grain loan on the strength of credits opened by Gosbank. The lack of complete voluntariness interfered with the normal development of state credit. Consequently, in 1925 compulsory methods of placement of loans were rescinded.

In the first stage, a portion of the loans was designated for economic organizations. They were obliged to put into bonds 60 percent of their reserves. The first, second and third 8-percent loans, issued in 1924, 1926, 1927, were placed through the means of these funds. Taking into consideration the special features of small-scale production in agriculture, separate loans were issued especially for peasants.

The state debt grew at a rapid pace in the first stage and as of 1 October amounted to in: 1922—2.5 million rubles, 1923—118.1 million rubles, 1924—244.9 million rubles, 1925—366.3 million rubles and 1926—663.6 million rubles.<sup>1</sup>



With respect to the size of the state budget, the debt amounted to in 1923/24--10.7 percent, in 1924/25--12.6 percent and in relation to state income--2.1 and 2.4 percent, respectively. This level may be considered low if you take into consideration the fact that the young Soviet Republic was deprived of the possibility of obtaining loans from abroad. It may be pointed out for purposes of comparison that the internal debt of Tsarist Russia on the eve of World War I (as of 1 January 1914) had reached 122.5 percent of the state budget and 35.8 percent of the annual national income.<sup>2</sup>

Income on the loans were paid to holders in fixed interest set at the time of issue (from 5 to 12 percent). Moreover, for some of them, lottery drawings were held. The first loan without interest was issued in 1926. The entire sum of income from it (14.3 of annual revenue) was paid in the form of lottery prizes.

A special feature in the development of state credit in the first stage was that bonds of state loans were quoted in the fund departments of commodity exchanges. Banks carried out operations in the purchase and sale of bonds and conducted on-call and secured-loan (zalogovo-ssudnyy) operations under their guarantee. Bonds were state fund assets with a stable rate of exchange and guaranteed fixed income to their holders corresponding to the average market rate. They were accepted in payment of the agricultural tax, as security for state contracts and deliveries, in securing loans issued by the Agricultural Bank and agricultural credit societies. Workers and employees subscribing to the loan had the right to sell bonds or use them as security for loans.

The importance of bank credit in the first stage of its development was that it made it possible in a comparatively short time to accumulate the labor savings of peasants, workers and employees, capital of the nonlaboring population and accumulations and reserves of state enterprises and organizations and to allocate them in a centralized manner for the restoration and development of the national economy. Stimulation with the help of state credit was particularly important with respect to accumulations and savings since interest in them had significantly weakened under conditions of prolonged loss of value of money. With the relatively small size of the national income, the rate of development of the national income depended to a significant degree on its division into accumulation and consumption funds. The benefits provided by state loans (receiving of fixed interest, the possibility of lottery winnings) induced a certain reduction of current consumption and a corresponding increase in accumulations and savings. State credit served as a means of regulation of monetary circulation and contributed to the creation of conditions for carrying out of the monetary reform of 1922-1924. At the same time, experience was being accumulated in the issue of state loans.

The issue in August 1927 of the state internal 6-percent lottery loan for industrialization of the national economy of the USSR may be considered to be the beginning of the second stage of development of state credit. For this loan subscriptions were carried out on a large scale among workers with the granting of payments in installments to them. This had been done for some loans even earlier but on a limited scale and as a rule with one-time payment for bonds. With the next subscription, a method of placement of loans among

the population was basically established. It required a corresponding restructuring of the organizational work relating to state loans. The Central Executive Committee and the USSR Council of People's Commissars approved on 15 May 1929 the Statute on Permanent Commissions of Assistance for State Credit and Savings.<sup>3</sup> Such commissions were established at enterprises, organizations and institutions as well as with ispolkoms of local soviets. They had the duty of propagandizing and organizing arrangements of state loans and monitoring the serving of bond holders. They discussed projects of new loans as well as methods of improving work on their dissemination; they arranged for the serving of the members of their collective on getting lottery winnings and sums for payments on loans.

The work of the commissions of assistance yielded concrete results. In 1933, they serviced 18 million and in 1938—30.9 million holders of bonds of loans and revealed 2.8 million and 5.9 million, respectively, of unclaimed winnings. Widely organized mass explanatory work contributed to the fact that the sum of money mobilized by the state for socialist construction through loans and deposits of the population in savings banks grew more than threefold during 1929–1934, while the number of loan holders reached 45 million persons.<sup>4</sup>

The country's industrialization and the creation of a material-technical base for socialism required large capital investment, which in turn made necessary mobilization of funds for longer time periods. During this period, state loans completely acquired a long-term character. They were issued for 10 years and since 1936 for 20 years. Together with greater economic effectiveness of the loans the size of the income paid for them was reduced: from 10 percent in 1931–1934 to 8 percent in 1935 and 4 percent in 1936. For the purpose of ahead-of-time repayment of the loans, social control of the sale and pledging of bonds was introduced.

With the beginning of the '30s, unreturnable allotment of funds from the budget became the chief method of financing capital investment (up to this time, the role was played by long-term credit). Accordingly, the character of mobilization of funds into the budget was also changed. A basic source of income for the budget became the regular receipt of accumulations of enterprises and economic organizations. At the same time, the placement of state loans in the state sector of the national economy was discontinued. In 1928–1929, the last two loans were issued for placement among state enterprises. In 1931, all state enterprises and institutions exchanged bonds of premium loans belonging to them for bonds of the Fourth State Internal 8-Percent Loan of 1928. Subsequently they were forbidden to acquire bonds of state premium loans. In this way, operations with state loans in the state sector of the national economy were eliminated.

At the same time, the State Internal 10-Percent Loan of 1930 was issued for inclusion in it of funds of savings banks. The sum of the loan—3.7 billion rubles—was more than twice the size of loans placed for subscription among the population. Its issue became possible as a result of a rise in the monetary income of the population, a portion of which went into deposits in savings banks. For example, in the years of the first two five-year plans, deposits of the

population in savings banks increased more than twentyfold and in 1938 exceeded 5.7 billion rubles.<sup>5</sup> In 1938, the balance of deposits increased by 1.5 billion rubles and the amount of deposits by 1.5 million rubles, reaching 16 million rubles. The average size of a deposits increased. By the end of the Second Five-Year Plan, it was 40 rubles and by 1 January 1939—388 rubles.<sup>6</sup>

The placement of loans continued among cooperative kolkhoz organizations. Thus the 1938 budget provided for a receipt of revenues from loans in the amount of 7,730,000,000 rubles, including 5,670,000,000 from loans placed among the population and 2,060,000,000 rubles from loans acquired from cooperative, insurance and savings organizations.

During the second stage, improvement of the organization of state credit was continued and the number of simultaneously issued loans was gradually reduced. Thus, whereas in 1927, six loans were issued and in 1928-1929—three for each year, their number subsequently did not exceed one to two per year. The issue of separate loans intended for peasants was discontinued. Since 1928, loans have been issued for placement among the city and also the rural population. In 1930, state credit underwent a reform. Simultaneously with the dissemination of the loan "The Five Year Plan in Four Years," bonds of loans for industrialization and strengthening of the peasant economy were exchanged for it among the population. The unification contributed to an improvement in serving holders of the bonds and to a reduction of expenditures by the state in connection with the loans. In 1936, conversion of state loans was carried out. Previously issued loans (for a period of 10 years) were exchanged for the State Internal Loan of the Second Five-Year Plan (Fourth Issue) for a 20-year period.

In the prewar years, state credit played a certain role in formation of the budget's revenues. The share of funds mobilized with the help of loans for the budget's revenues in 1938 amounted to 6 percent, in 1939—6.4 percent and in 1940—6.3 percent.<sup>7</sup>

State loans were of major importance in regulation of monetary circulation and in organization of the population's savings. For example, in 1939, subscription for loans comprised 8.7 billion rubles and growth of deposits in savings banks—1 billion rubles. In addition to loans placed by subscription, so-called freely circulating loans were also issued; they were intended for the population with relatively high incomes. Their bonds were freely sold and bought by savings banks. Such loans were issued in 1930, 1932 and 1935 for 10-year periods. In 1938, these loans were converted and their bonds were exchanged for bonds of a new loan with a 20-year period. The placement of savings in state loans increased the income of the population: in 1939, a total of 550 million rubles were paid out in prizes and interest, in 1940—more than 900 million rubles.

State loans played a big role in the years of the Great Patriotic War. During 1942-1945, four war loans were issued for a total sum of 72 billion rubles. The actual subscription for them amounted to roughly 90 billion rubles.<sup>8</sup> In the years of the war, the share of receipts from loans into the budget's revenues was double that of the prewar period. Thus the 1944 budget provided for receipts from loans in the amount of 30.3 billion rubles, which comprised 12.1



percent of all income. Of this sum, it was planned to obtain 21.7 billion rubles from placement of loans by subscription among the population, 2.1 billion rubles among kolkhozes and small-industry artels and 4 billion rubles, acquired by savings banks and through special deposits.<sup>9</sup> In the years of the war, the funds obtained by the state through loans covered about 15 percent of all of the country's war expenditures. Loans were also of major importance to bolstering of monetary circulation and restraining emissions of ready money.

Elimination of the consequences of the war in the field of monetary circulation required in addition to other measures putting state credit into good order. In 1947, together with monetary reform, all loans issued to 1946 inclusively were converted. Loans placed through subscription among the population were exchanged for a 2-percent conversion loan of 1948 in a ratio of 3:1, the freely circulating loan of 1938 into the 3-percent loan of 1947 in a ratio of 5:1. At the same time, it was considered that a significant portion of the state debt for loans was formed in the years of the war, when the purchasing power of the money had fallen, and that this debt would be paid after the reform with a full-value ruble. At the same time, the state tried in every possible way to protect the population's savings. For this reason holders of bonds were presented with a considerable advantage over persons who had accumulated cash. As we know, exchange of cash money was done in a ratio of 10:1.

In addition to the premium issue of the 2-percent loan, an interest bearing issue was floated for the population for the exchange into bonds of loans found at kolkhozes and other cooperative organizations. It should be noted here that in 1945 placement was halted of new loans among small-industry artels and in 1946 among kolkhozes.

The restoration of the national economy destroyed in the years of the war and its further development required large outlays. Consequently, the issue of loans placed for subscription among the population continued. During the Fourth Five-Year Plan, loans resulted in the receipt of almost 117 billion rubles and during the Fifth Five-Year Plan--almost 137 billion rubles.<sup>10</sup>

In speaking of the results of the second stage of development of state credit, it should be pointed out that it assumed a truly nationwide character. The number of subscribers to loans reached just short of 80 million people. They for the most part became an organized form of the population's savings, retaining at the same time their importance as one of the regular sources of revenue for the state budget.

In a report at the 24th CPSU Congress, General Secretary of the CPSU Central Committee Comrade L.I. Brezhnev said: "During the years of industrialization and postwar restoration of the economy, we were able to move ahead and to develop the economy only by mobilizing all our energies and resources. The workers of our country understood this well. They gave to the common cause not only their selfless labor but also their personal savings, actively subscribing to state loans, which played an important role in speeding up the development of the economy. Mass subscription to the loan was not only a significant contribution to the state budget but also a clear demonstration of the patriotism of the Soviet people and their dedication to the cause of socialism."<sup>11</sup>

The third stage of development of state credit began in 1957 with the adoption of the decree of the CPSU Central Committee and the USSR Council of Ministers "On State Loans Placed for Subscription Among the Workers of the Soviet Union." This decree terminated, beginning with 1958, the further issue of state loans placed for subscription among the population. In this connection it was considered that continued issue of loans on an ever increasing scale would be burdensome to the population. If the size of the loans were to be decreased, they would then almost entirely go into payment of winnings and payments for earlier issued loans. On the basis of the conditions and size of the loan envisaged by the 1957 budget, the revenue of the state exceeding its expenditures in connection with loans would have been: in 1958--8 billion rubles, in 1959--6 billion rubles and in 1960--4.5 billion rubles, or about one percent of the budget's revenue. In 1967, payments for loans should have amounted to 25 billion rubles, or almost as much as was planned to be received from subscription to a loan that year.<sup>12</sup>

In discontinuing the issue of new loans and continuing at the same time payments to the population for drawings of winners and the repayment of earlier issued loans, the state was obliged to reduce allocations for the needs of the national economy and for improvement of the people's well-being. But slowing down of the growth rates of industrial and agricultural production housing and cultural-everyday construction went against the interests of the workers.

The following circumstance was also taken into consideration. As the result of multiple reduction of retail prices for food and manufactured products following the monetary reform of 1947, the purchasing power of the ruble grew 2.3-fold. This meant that the state was obliged for earlier issued loans to pay with a higher value ruble and therefore to carry significant additional expenditures for repayment of the state debt. Consequently, together with cessation of the issue of new loans, drawings were no longer held for winnings relating to earlier issued loans placed for subscription among the population. Their repayment was deferred for 20 years for the purpose of beginning the repayment in 1977 and to carry it out over the course of 20 years. In this way it was planned to complete repayment in 1996. Repayment of this loan ended in 1962. There remained after this the state debt for loans placed for subscription among the population prior to 1956 inclusively in the amount of 25.8 billion rubles (here and henceforth on the scale of prices as of 1 January 1961). Furthermore, there was a debt for the interest issue of the State 2-Percent Loan of 1948 for which loans were exchanged that had been placed among kolkhozes and cooperative organizations in an amount of about 120 million rubles.

The question of repayment of loans was examined at the 24th CPSU Congress. It was decided to begin repayment in 1974 and to complete it in 1990, that is, 3 and 6 years earlier, respectively, than the initially prescribed times.

Ahead-of-schedule repayment began with the conversion 2-percent loan of 1948, inasmuch as loans were changed for it that had been placed for subscription in 1936-1946. Next repayments started on the Second Loan for the Restoration and Development of the National Economy (issue of 1947) and other loans in the order of their issue. The decree of the CPSU Central Committee and the USSR

Council of Ministers adopted in 1957 pointed out that beginning in 1977 loans were to be repaid in equal installments over the course of 20 years. This means that for 1977-1981 they had to be repaid in a sum of about 6.5 billion rubles. In connection with the early start of repayment of loans, there have been paid back up to the present time about 8.9 billion rubles, that is, an additional 2.4 billion rubles.

Basic Directions of Economic and Social Development of the USSR for 1981-1985 and for the Period to 1990 adopted by the 26th CPSU Congress provide for continuation of repayment of state loans. Whereas during 1974-1980, a little more than 1 billion rubles had been allotted as an average on a yearly basis for repayment, during the new five-year plan it is planned each year to conduct repayment drawings in the amount of 1.5 billion rubles.<sup>13</sup>

Repayment of the interest issue of the State 2-Percent Loan of 1948 has been going on since 1977 and is planned for 20 years in equal installments. All kol-khozes and certain cooperative organizations who still had bonds turned them over to savings banks. Each year savings banks transfer by written order the payment sum to the accounts of holders of the bonds.

Since 1958, there have only been issued in our country freely circulating loans whose bonds are freely sold to the population and are purchased from it by savings banks. The placement of these loans in the postwar years has been characterized by the following data (Table 1):

Table 1

(millions of rubles in scale of prices as of 1 January 1961)

	1947- 1950	1951- 1955	1956- 1960	1961- 1965	1966- 1970	1971- 1975	1976- 1980
Total	178.2	439.9	516.5	461.3	1,458.1	2,054.6	3,168.5
Yearly average	44.6	88.0	103.3	92.3	291.6	410.9	633.7
In % of preceding period	--	197.3	117.4	89.4	3.2- fold	140.9	154.2

The presented data show that in the past 20 years there has been a steady rise in the sale of loan bonds and at a fast rate at that. Like the growth of the population's savings in general, it reflects a rise in the material well-being of the Soviet people. The average pay of workers and employees has grown, the monetary income of kolkhoz farmers is higher and pension provisions have improved. Termination of subscriptions to loans has been of definite significance. In turn, the keeping of money in bonds of the freely circulating loan also increases the income of the population. Just in 1980, holders of bonds were paid 321 billion rubles in winnings.

The repayment of loans placed for subscription among the population and increased sales of bonds of the freely circulating loan are resulting in a reduction of the total size and change in the structure of the state debt relating to bonds (Table 2).

Table 1

State plan	As of 1 Jan 1974		As of 1 Jan 1982		Changes (bil. rub.)*
	sum (bil. rub.)*	relative share (%)	sum (bil. rub.)*	relative share (%)	
For loans placed for sub- scription among population as well as kolkhozes	25.9	88.1	17.0	70.0	-8.9
For State 3-Percent Internal Premium Loan of 1966	3.5	11.9	7.3	30.0	+3.8
Total	29.4	100.0	24.3	100.0	-5.1

\* (bil. rub.) = (billions of rubles)

Since January 1982, two loans have been simultaneously in circulation: the State 3-Percent Internal Premium Loan of 1966 and the State Internal Premium Loan of 1982.<sup>14</sup>

Thus the third stage of development of state credit is characterized by the issue of only freely circulating loans. In this connection, savings of the population in the loans have tended to significantly approximate in character deposits in savings banks. Common to both forms of savings is the full freedom of their formation and use. Of course, there are differences, for example in the manner of paying income for savings. A significant difference is the large degree of mobility of savings in loans. For example, bonds may be bought and sold at any savings banks.

Another feature of the third stage of development of state credit is gradual repayment of loans placed for subscription among the population. It expresses the concern of the party and the state for the labor savings of the Soviet people. Our people are convinced one more time of the fact that the state conscientiously pays its debts. Payments from loans supplement the current monetary income of the population. They are of particular major importance to persons of elderly age who are on pension. They have in their hands a significant portion of loan bonds.

Some economists consider deposits of the population in savings banks as a form of state credit. The partisans of such a position proceed from the assumption that the safety of monetary funds entrusted to savings banks and their payment on the first request of deposits are guaranteed by the state.<sup>15</sup> But it by no means follows from this that the state in the given instance is a borrower of the monetary funds of the population. Being a guarantor or a borrower are far from being one and the same thing.

The idea of deposits as a variety of state credit arose in the period when savings banks turned over to the budget through the means of a debentureless loan sums of growth of deposits. In the solution of the question of including growth of deposits in budgetary revenue, certain significance was attached to the fact



that savings banks from the time of their formation in 1922 were part of the financial system for 40 years. They secured a revenue from the budget in the form of interest on funds turned over to the budget. Although the predominant part of deposits went into the budget, another portion of them was kept in Gosbank and was used as a resource for short-term credit extension. This circumstance did not provide grounds, however, for considering the entire sum of deposits in savings banks as state credit.

But the main consideration is that the creditor of the state did not exist in deposits but rather in the system of the savings banks, that is, the state debt bore no responsibility in regard to concrete persons. Deposits dealt with savings banks; they obtained money from them from their deposits and interest for keeping them there. As for state loans, here the state is indebted to concrete persons--the holders of bonds. The following analogy may be made. As pointed out above, creditors of the state have been kolkhozes and cooperative organizations. But at the same time, no one has stated that the state extends credit to members of an agricultural artel or shareholders of consumer or small-industry cooperative.

State credit is one form of credit at the juncture, if one may so phrase it, of two types of economic relations--credit and financial. It has traits inherent of credit--returnability, a fixed time period, payability of the funds loaned out. But in regard to character of use of accumulated funds, state credit is closer to finances. As we know, all receipts from the placement of bonds are included, both earlier and now, in the income of the budget. Payments are made from the budget for winnings, repayment of loans and also cover other expenditures in carrying out of loans.

With the turning over of the savings-banks system to the control of Gosbank USSR in 1 January 1963, the budget fully cleared off the loan received from the savings banks. At the present time, the bank uses the population's deposits for extension of credit to the national economy and pays interest to savings banks.

State loans have fixed time periods of operation, at the expiration of which holder of bonds lose the right to receive money for them. Deposits in savings banks, however, are kept with no time-period limits.

Sometimes so-called guaranteed and special-purpose loans are considered as a variety of state credit. During 1923-1943 about 20 of them were issued. They were issued by various organs--the People's Commissariat of Railways, all-union associations of industry and the air force, savings banks, certain joint-stock societies and even the Ussuriyskaya Railroad. The actual list of organs issuing loans shows the impossibility of including them under state. True, some of them were guaranteed by the government, but, as has already been pointed out, the guarantor cannot be identified with the borrower.

In our opinion, the said loans come under so-called public credit, which is a more general term in regard to state credit.



At the present stage of our economy's development, state credit retains its importance as one of the forms of attracting the savings of the population and of using them for the financing of state expenditures.

It should be noted that of late problems of state credit have not been receiving sufficient attention in the economic literature as well as in study of financial credit discipline. Thus in the textbook for the course "Monetary Circulation and Credit in the USSR," state credit is considered a form of the population's savings as well as a form of credit without a detailed disclosure of the nature of this term and with a reference to the course "USSR Finances." Many textbooks for this course, however, lack a definition of state credit, and it is considered very superficially and only in its historical aspect.

A criterion of including one term or another in some subject is to be found in its nature. Inasmuch as the nature of state credit is credit relationships, in our opinion it should be studied in the course "Monetary Circulation and Credit in the USSR." Such a solution appears to be practicable primarily because all forms, all manifestations of credit relationships must be examined for an exhaustive disclosure of credit as an economic category. The relation of state credit to monetary circulation is of considerable importance. Finally, placement of bonds of loans, payment of winnings and sums of repayment for them are a function of state savings banks included in the system of credit organs.

The course "USSR Finances" and the "USSR State Budget" should show the importance of state loans to the formation of the budget's income and the manner of financing from the budget expenditures for their realization and repayment.

#### FOOTNOTES

1. "Finansovaya entsiklopediya" [Financial Encyclopedia]. Gosizdat, 1927, pp 399-400.
2. Ibidem, p 398.
3. SVOD ZAKONOV, No 34, 1929, p 297.
4. "Sberegatel'noye delo i gosudarstvennyy kredit" [Savings and State Credit]. Gosfinizdat, 1935, p 118.
5. See: Zverev, A.G. "Gosudarstvennyye byudzhety Soyuza SSR 1938-1945 gg. [State Budgets of the USSR 1938-1945]. Gosfinizdat, 1946, p 15.
6. Ibidem, pp 45-46.
7. Computed according to data: Zverev, A.G., op. cit., pp 41, 95.
8. See: "Gosudarstvennyye zaymy v SSSR" [State Loans in the USSR]. Authors' collective under the leadership of P.Ya. Dmitrichev. Gosfinizdat, 1956, pp 35-36.

9. Zverev, A.G., Op cit., p 140.
10. See: Zverev, A.G., "Gosudarstvennyye zaymy i vklady v sberegatel'nyye kassy" [State Loans and Deposits in Savings Banks]. Gosfinizdat, 1957, pp 22-23.
11. "Materialy XXIV s'yezda KPSS" [Materials of the 24th CPSU Congress]. Politizdat, 1971, p 43.
12. See: Zverev, A.G., "Gosudarstvennyye zaymy i vklady v sberegatel'nyye kassy," op. cit., pp 24-25.
13. See: Garbuzov, V.F., "Fundamental Directions of Development of the Socialist Economy and Finances During the 11th Five-Year Plan," FINANSY SSSR, No 4, 1981, p 7.
14. For more details on this see FINANSY SSSR, No 12, 1981, pp 16-20.
15. See: Dymshits, I.A., "Gosudarstvennyy kredit SSSR" [USSR State Credit]. Moscow, 1954, p 29.

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## CONSUMPTION TRENDS AND POLICIES

### LITHUANIAN DECREE TO IMPROVE PUBLIC DINING IN RURAL PLACES

Vilnius SOVETSKAYA LITVA in Russian 17 Jun 82 p 1

[Unsigned report on ramifications of Lithuanian decree on rural public dining]

[Text] The Central Committee of the Communist Party of Lithuania and the republic Council of Ministers adopted a decree on further developing the network of dining rooms and improving public dining at kolkhozes, sovkhoses and other state farms of the republic during 1982-1985. It points out that in recent years positive results have been achieved in public dining at kolkhozes, sovkhoses and other state farms. Public-dining enterprises are to be found at 310 sovkhoses and at more than 500 kolkhozes. Raykoms of the Communist Party of Lithuania, rayispolkoms, the Ministry of Agriculture, the Lithuanian Union of Consumers Societies and other ministries and departments devote constant attention to these questions.

At the same time, significant defects are to be found in the organization of public dining in rural localities. Up to the present time, there are no dining rooms at 265 kolkhozes and sovkhoses. On a number of farms, dining rooms are located in buildings unsuited for them; they do not meet sanitary requirements, are poorly provided with processing and refrigerating equipment, utensils and other equipment and quality is lacking in the preparation of dishes. Qualifications of the personnel are low. Heads of some kolkhozes and sovkhoses, party and trade-union organizations are not concerned about improving the supply of potatoes, vegetables and animal-husbandry products to dining rooms.

Guided by the decisions of the 26th CPSU Congress and the 18th Congress of the Communist Party of Lithuania and attaching great importance to the solution of rural social problems, the Central Committee of the Communist Party of Lithuania and the Lithuanian SSR Council of Ministers have ordered the Ministry of Agriculture, the Ministry of the Fruit and Vegetable Industry, the Administration of Fisheries, the Lithuanian Union of Consumers Societies, Alitus and Kapuskas gorkoms and raykoms of the Communist Party of Lithuania and also rayispolkoms to designate and carry out necessary measures for further development and improvement of public dining in rural areas and to ensure during the

current five-year plan the construction and equipment of dining rooms on all kolkhozes, sovkhoses and other state farms, expansion of assortment and improvement of the quality of prepared dishes and also raising of the sanitary condition and standards of services.

The Ministry of Agriculture and the Ministry of the Fruit and Vegetable Industry have the obligation to build and put into operation 17 dining rooms with 775 seats on sovkhoses and other state farms during 1982-1985.

A proposal has been adopted of the Ministry of Agriculture and rayispolkoms on building and putting in operation in a planned manner during 1982-1985 on kolkhozes 242 dining rooms with 8,303 seats and of the Lithuanian Union of Consumers Societies on constructing and putting in operation during 1982-1985 fifteen dining rooms with 811 seats.

The Ministry of Construction, the Ministry of Rural Construction, the republic Litmezhholkhozstroy Association, the Lithuanian Union of Consumers Societies, Alitus and Kapsukas gorkoms, raykoms of the Communist Party of Lithuania and rayispolkoms must ensure unconditional fulfillment of plans for construction of dining rooms in rural localities within the prescribed time periods.

The Central Committee of the Communist Party of Lithuania and the Council of Ministers have approved the initiative of the Vilnius Order of the Badge of Honor Plant for Heating Apparatus imeni 50-Letiye SSSR Production Association, the Production Association for the Production of El'fa Electric Motors, the Vilnius Plant for Radio Measuring Instruments imeni 60-Letiye Oktyabrya, the Vilnius Plant for Reinforced Concrete Structures No 3 and other enterprises relative to providing assistance to sponsored kolkhozes, sovkhoses and other farms in the construction of dining rooms. It was recommended to gorkoms and raykoms of the Communist Party of Lithuania and to gorispolkoms and rayispolkoms to mobilize production collectives for the support of this initiative.

The State Committee for Selkhoztekhnika must ensure the delivery of trade processing, refrigeration and other equipment as well as furniture and materials required for the timely startup of dining rooms that are being built or modernized with funds of kolkhozes, sovkhoses, interfarm and other agricultural enterprises and for the Lithuanian Union of Consumers Services to supply the aforesaid dining rooms with dishes and utensils.

The Ministry of Agriculture, the Ministry of the Fruit and Vegetable Industry, the Administration of Fisheries, Alitus and Kapsukas gorkoms, raykoms of the Communist Party of Lithuania, rayispolkoms and heads of farms must adopt measures on each kolkhoz, sovkhos and state farm for seeking out possibilities of the fullest possible provision of potatoes, vegetables and animal-husbandry products for the dining rooms located on their territories.

The Ministry of Agriculture, the Ministry of the Fruit and Vegetable Industry and the Lithuanian Union of Consumers Societies in collaboration with Gosplan are permitted where necessary to introduce changes (including the contractor) in the list of dining rooms scheduled for construction without a decrease in the targets for putting capacities in operation set by this decree.

Alitus and Kapsukas gorkoms and raykoms of the Communist Party of Lithuania are under obligation to increase political-educational work at collectives of public-dining enterprises, to boost the role of party, trade-union and Komsomol organizations of consumers cooperatives and to provide them with assistance in mobilizing personnel of dining rooms for higher standards of service and for fuller satisfaction of the needs of rural workers.

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## CONSUMPTION TRENDS AND POLICIES

### EXPANDED COOPERATIVE PRODUCTION CITED IN CONNECTION WITH FOOD PROGRAM

Moscow IZVESTIYA in Russian 3 Jul 82 p 3

[Article by N. Supotnitskiy, first deputy chairman of management board of USSR Central Union of Consumers Cooperatives: "The High Duty of Soviet Cooperative Members"]

[Excerpt] Soviet consumer cooperative societies are expanding and deepening contacts with cooperative organizations of the countries of Asia, Africa and Latin America, unifying masses of many millions of workers. Major measures in this field were carried out through the holding in 1981 of international seminars for heads of cooperative movements in liberated countries on the theme "Experience of the USSR in the Establishment and Development of Cooperatives." Twenty-four countries participated. They included Vietnam, Kampuchea, Laos, Angola, Argentina as well as the Palestine Liberation Organization. Guided by the decisions of the 26th CPSU Congress, consumers cooperative societies are expanding mutually beneficial cooperation with cooperative organizations of capitalist countries, which contributes to the growth of mutual trust not only among cooperative members but also between the peoples of the USSR and these countries.

The USSR Constitution proclaims the right of citizens to unite in cooperatives. The Fundamental Law of the country guarantees the necessary conditions for fulfillment by cooperatives of their charter objectives, protection and cooperation in the development of cooperative ownership and grants rights of legislative initiative. Developing under these conditions, consumers cooperative societies of the USSR have become among the largest in the world. They contain 59.5 million members and serve half of the country's population as well as carry out almost one-third of its retail goods turnover, which in 1981 reached 80 billion rubles. For purposes of comparison, I note: in the year of creation of the USSR cooperative goods turn over was under one billion rubles.

The USSR Central Union of Consumers Cooperatives together with unions of consumers cooperatives of the union republics has developed concrete measures for increasing its contribution to the solution of the food program. Today that which we outlined for 1981-1985 for the increase of commodity resources of consumers cooperatives has acquired broader scope with consideration of the USSR Food Program. An important place in it is occupied by state purchases of agricultural products. It is planned to purchase from sovkhozes, kolkhozes and

the population potatoes, vegetables, gourd crops, fruits and berries in the amount of 82 million tons, or 5.3 percent more, and eggs—45.5 billion each, which is 15.2 percent higher than in the 10th Five-Year Plan.

The May Plenum of the CPSU Central Committee sets before consumer cooperatives as one of their chief objectives growth of purchases of agricultural products from private subsidiary farms of citizens. "Much has to be done here by the Central Union of Consumers Cooperatives. It is called upon," Comrade L.I. Brezhnev pointed out at the Plenum, "if one can put it that way, to turn its face to private farms and to contribute to their normal operation. That is why consumer cooperatives have the task in the USSR Food Program of arranging for timely purchases of surpluses of agricultural products from the population, expanding the network of permanent and temporary centers for their receipt and procurement, slaughter of cattle and poultry and shops for the processing of products and increasing expanding over a 10-year period of subcontracting at enterprises for the production of sausages by 1.5-fold, canned goods—by 1.4-fold and confectionery—1.7-fold. This is an important program of Soviet cooperative members for the term to 1990."

The resources of private subsidiary farms are great: 30 million of them have 68 million head of cattle, sheep, pigs and goats and much poultry. They produce millions of tons of potatoes, vegetables and fruits. There is to be brought into goods turnover the maximum amount of these products and purchases are to be more broadly expanded among orchard and kitchen-garden cooperatives. The cooperative food program provides for procurement of these products during the five-year period in the amount of 23 billion rubles, which is 64 percent more than during the 10th Five-Year Plan. Special attention is paid to purchases of meat of cattle, pigs, rabbits, poultry and vegetable oil. No less than a million tons of meat this year and 1,100,000 tons next year are to be purchased from the population. Seventy percent of the meat and of products made from it are to be sold at cooperative stores of cities and workers settlements.

Side by side with the development of a network of stores in cities, cooperative members are augmenting the capacities of their industry. During the 11th Five-Year Plan, the production of food products at cooperative enterprises will be increased by more than 30 percent. This is in accord with the control figures of the country's food program. We are paying special attention to introduction of waste-free technology, which should ensure obtaining of additional food resources and a significant economy in the case of grain and other food goods.

During the five-year plan we plan to obtain more than 400,000 tons of meat through the fattening of animals and poultry. This is almost 2.5-fold more than during the 10th Five-Year Plan. It is planned to construct an additional 1,278 cooperative animal-husbandry farms for 8.3 million head of livestock and 182 incubator poultry-growing stations.

The breeding and catching of fish among us will reach 61,000 tons during the present five-year plan. For this purpose, new ponds with a total area of about 80,000 hectares will be put in operation and 100,000 hectares of natural lakes will be developed; it is planned to release in them more than 200 million

young carp and other species of fish. The collection and procurement will also be significantly expanded of wild-growing fruits, berries, mushrooms and nuts.

Rural workers get the bulk of their goods at 369,000 cooperative trade enterprises. The latter include many modern department and specialized stores and trade centers. We are directing our chief efforts today at a rational location and specialization of the trade network and the introduction of advanced technology, carefully thought out specialization of assortment and of an efficient system of commodity supply and exemplary service for customers.

For example, in rural rayons, the number of specialized stores increases with each year: Modern Domestic Enterprises, Tekhnika and showrooms for the sale of furniture—we already have more than 3,000 of them, stores such as Detskiy Mir, Sportivnyye Tovary, Podarki, Muzyka and others. For rural workers maintaining private subsidiary farms, stores called Dom—Sad—Ogorod [Home—Orchard—Kitchen Garden] have been opened in many rayons. The sale of various products required for the care of domestic livestock has been organized. A network of stores with storage yards is also developing for the acquisition of construction materials.

The residents of rural areas and small cities, kolkhozes and sovkhoses, students and workers are served by more than 96,000 public-dining enterprises. Their goods turnover is growing all the time and in 1981 reached 4.7 billion rubles. In public dining, there is an ongoing process of rational reorganization in food preparation and the introduction of centralized production of semifinished products and culinary items for the supply of dining rooms and snack bars. From year to year, cooperative workers have been raising the level of service for rural workers directly at their work places during spring sowing and during harvest time.

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## CONSUMPTION TRENDS AND POLICIES

### GUIDELINES FOR USE OF CONSUMER GOODS FUND

Moscow EKONOMICHESKAYA GAZETA in Russian No 19, 1982 p 15

[Instruction on procedure of forming and utilizing consumer goods fund approved by USSR Ministry of Finance on 17 September 1981, No 174: "Stimuli for Expansion of Production of Goods"]

#### [Text] 1. Procedure of Forming Consumer Goods Fund

1.1. The consumer goods fund is formed at associations, enterprises and organizations (regardless of their subordination) producing consumer goods, items of production-technical designation, semifinished goods and articles from wastes of their own production or from wastes obtained from other enterprises where the cost of such waste is 50 or more percent of the cost of all the raw and other materials not counting auxiliary materials (paint, varnish, accessories, finishing materials and the like).

Production wastes include remains of raw and other materials or semifinished products occurring in the process of transforming the original material into finished production if they have lost in entirety or in part the use qualities of the original material (chemical or physical properties, including full configuration and the like).

The list and technical characteristics of production wastes intended for use in the manufacture of consumer goods and articles of production-technical designation and semifinished goods and articles for each enterprise are approved by the higher organization.

Wholesale prices for industrial wastes are set by ministries, departments and ispolkoms of soviets of people's deputies according to the possibility of using these wastes for the production of consumer goods and other items, but they cannot be higher than the prices set for the full-value raw and other materials.

1.2. Deductions into the consumer goods fund are made from profit actually obtained from the sale of consumer goods and items of production-technical designation made from production wastes for each type of article or group of homogeneous articles with a profitability (in relation to production costs) of up to 25 percent—in toto or in reference to profit obtained with a profitability exceeding 25 percent—for half the amount.

The rest of the profit made from the sale of these goods and articles is distributed according to a procedure established for the distribution of profit of basic production.

Examples of Computation of Size of Deductions from Profit into Consumer Goods Fund

(rubles)

	Example No 1	Example No 2	Example No 3
1. Cost of all raw and other materials used in production of given goods and articles	150,000	150,000	150,000
auxiliary materials (paint, varnish, accessories, finishing materials and the like)	20,000	20,000	20,000
2. Cost of raw and other materials less deduction for auxiliary materials	130,000	130,000	130,000
including:			
cost of wastes used in production of given goods and articles	65,000	78,000	58,500
ditto in percent of cost of all raw and other materials less deduction for auxiliary materials	50%	60%	45%
3. Profitability	24%	35%	20%

Profit from the sale of goods and articles made from wastes is included in its entirety in example No 1 in the consumer goods fund and, in example No 2, within the limits of profitability of 25 percent, also in its entirety and in profitability in excess of 25 percent—in half the amount; in example No 3, it is not included in the consumer goods fund but rather in the total sum of profit of the enterprise, where it is distributed in the usual established manner, as the cost of wastes is less than 50 percent of the cost of all the raw and other materials used in the production of the given goods and articles less a deduction for auxiliary materials.

1.3. The consumer goods fund of associations, enterprises and organizations (regardless of their subordination) likewise gets 15 percent of the profit made from the sale of nonfood consumer goods produced from local raw materials not distributed in centralized manner by Gosplan USSR, Gossnab USSR and ministries and departments of the USSR if profitability from the production of these goods is no more than 25 percent.



The rest of the profit made from the sale of the said goods is distributed in a manner established for the distribution of profit of basic production.

Products made from local raw materials include those whose basis consists of these raw materials.

Local raw materials include deposits of local mineral raw materials (ornamental colored stones, dyes, clay, tripolite, diatomites, perlite) and raw materials of plant origin (willow, sorghum, rushes and other varieties of raw materials), procured, made or grown by enterprises for their further working into articles or the same raw materials (including raw materials of animal origin) procured by enterprises from other enterprises, kolkhozes or individual citizens according to a procedure established by existing legislation. A listing of local raw materials is approved by the gosplans and gossnabs of union republics.

1.4. Profit should not be included in the consumer goods fund that has come from the sale of wastes to other enterprises or organizations not gone through a processing enterprise.

1.5. Profit from the sale of consumer goods and articles of production-technical designation and profit from the sale of nonfood consumer goods made from local raw materials remain at the disposal of enterprises and are included in the consumer goods fund if these products correspond to state standards, technical conditions or models and conditions prescribed by contracts concluded with trading organizations or other enterprises, organizations or institutions.

1.6 Deductions into the consumer goods fund are made regardless of whether these products have been made within the limits of the plan or above plan and also regardless of the production of goods and articles of similar designations provided by the basic-production plan from full-value raw materials and raw materials allocated in a centralized manner.

1.7 Deductions into the consumer goods fund are made on the basis of the results of the operation of enterprises in the corresponding quarter.

## 2. Procedure of Use of the Consumer Goods Fund

2.1. The resources of the consumer goods fund are utilized in the following manner:

(a) Sixty percent are spent on expansion of production (setting up of shops, sectors for production of consumer goods, replacement and modernization of equipment, reconstruction and construction of shops for consumer goods, growth of revolving capital in connection with expansion of production of consumer goods and so on) and improvement of the quality of consumer goods, manufacture of equipment for their production and for preparation of new models of these goods as well as for the construction and maintenance of dwellings.

Republic ministries and departments of union republics as well as the Central Union of Consumer Cooperatives and organizations subordinate to them, which have directly subordinate to them enterprises producing consumer goods from

local raw materials and wastes and with their employment are granted the right to centralize the portion of the consumer goods fund at their disposal indicated above for use in the financing of measures for expansion of production and improvement of the quality of consumer goods, manufacture of equipment for their production and for the development of new models of consumer goods.

The size and manner of use of the centralized money is determined by the councils of ministers of union republics and the Central Union of Consumer Cooperatives (for enterprises of consumer cooperatives);

(b) Thirty-five percent is spent on bonuses for engineering and technical personnel, workers and employees of enterprises participating directly in the organization and expansion of production of consumer goods and articles of production and technical designation from local raw materials and industrial wastes and in ensuring fulfillment and overfulfillment of the established plan for production of these goods as well as for improvement of cultural and everyday conditions of workers, engineering-technical personnel and employees of an enterprise (for children's institutions and Pioneer camps, for expansion and equipment of dining rooms, snack bars, rest homes, sanatoriums, clubs and for the acquisition for them of equipment, for physical-culture measures, for the expansion of subsidiary farms and for other measures).

Payment of bonuses from the consumer goods fund is done independently of plan fulfillment according to other indicators of operation of enterprises.

The total sum of bonuses coming from money of the consumer goods fund paid to a worker in the course of a year must not exceed the permissible size set by existing legislation;

(c) Five percent is allocated to the centralized fund of the ministry, department as well as administration or department of the ispolkom of the soviet of people's deputies.

Money of the centralized consumer goods fund is used for organization of competitions and exhibits, holding of conferences, compilation and issue of catalogs and information leaflets on exchange of experience in the production of consumer goods made from wastes and also for expansion of production of consumer goods (organization of shops and sectors for production of consumer goods, replacement and modernization of equipment, reconstruction and construction of shops for consumer goods, growth of revolving capital in connection with expansion of production of consumer goods and so on) at enterprises subordinated to a given ministry, department of ispolkom of a soviet of people's deputies.

On the decision of the ministry, department or ispolkom of the soviet of people's deputies, a part of the money of the centralized consumer goods fund may be put at the disposal of heads of enterprises subordinated to them.

2.2. The expenditure of a portion of the consumer goods fund on bonuses (paragraph 2.1 "b") for engineering-technical personnel, workers and employees of enterprises participating directly in organization and expansion of production

of consumer goods and items of production and technical designation from local raw materials and industrial wastes and in ensuring of fulfillment and overfulfillment of the established plan for the production of these goods as well as for improvement of cultural-everyday conditions of workers of enterprises is done on the basis of estimates approved by the director of the enterprises jointly with factory, plant trade-union committee.

Bonuses for engineering-technical personnel, workers and employees of an enterprise are issued by the director of the enterprises jointly with the factory, plant trade-union committee, while the issue of bonuses for supervisory personnel, the list of whom is approved by the higher organization, is done only on the instructions of the head of this organization in agreement with the appropriate oblast, kray, republic sectorial trade-union committee and in its absence—with the council of the trade union.

2.3. Money of the consumer goods fund that has not been used by the end of the year remains at the disposal of enterprises for the next year.

Money designated for expansion of production and improvement of the quality of consumer goods and items of production and technical designation and for the manufacture of equipment for their production and for the preparation of new models of these goods that cannot be used by enterprises for their intended purpose may be redistributed by heads of ministries and departments, ispolkoms of soviets of people's deputies with the agreement of heads of enterprises among individual enterprises.

Money put at the disposal of individual enterprises for the purpose of redistribution can be used only as directly designated.

2.4. The expenditure of money of the consumer goods fund for purposes provided by letters "a" and "b" of paragraph 2.1 of the present instruction is permitted only in the sums at the disposal of an enterprises for each of the indicated purposes.

2.5. Money in the amount of 5 percent of the consumer goods fund is transferred to the centralized fund of the ministry, department as well as administration or department of the ispolkom of the soviet of people's deputies quarterly following inclusion of the appropriate sum of profit in the enterprise's consumer goods fund.

The sums transferred to enterprises are entered in separate current accounts of the ministry or department and in the proper account of the administration or department of the ispolkom of the soviet of people's deputies at Gosbank.

2.6. Enterprises forming a consumer goods fund make up a certificate on a form in accordance with the appendix to the present instruction. This certificate is provided to the higher organization and the finance organ together with quarterly and annual reports.

Ministries and departments and their administrations as well as administrations and departments of ispolkoms of soviets of people's deputies carry out checks at enterprises subordinated to them on the correctness of payments and expenditures of money of the consumer goods fund in accordance with the present instruction.

Finance organs check on the formation of the consumer goods fund once a year as a subsequent control. In case of violations of the procedure prescribed by the present instruction for the formation of the consumer goods fund, finance organs require through proper channels the elimination of the revealed violations in accordance with the rights granted to them.

2.7. Associations, enterprises and organizations producing consumer goods and items of production and technical designation from wastes and nonfood consumer goods from local raw materials must set up a separate account of expenditures for the production of the said goods, their sale and financial results.

Deductions from profit into consumer goods fund are reflected in the credit of account 87 "Economic Stimulation and Special Designation Funds" (subaccount "Consumer Goods Fund") in correspondence with account 80 "Diverted Money from Profit."

2.8. Leftover unused money of the consumer goods fund of liquidated enterprises is transferred to the receipts of the corresponding budget.

2.9. The procedure of formation and utilization of the consumer goods fund established by the present instruction goes into force beginning with the results of operation for the 1st quarter of 1982.

As of now, the following are no longer in force:

Instruction of the USSR Ministry of Finance of 31 March 1981, No 57 "On the Procedure of Formation and Utilization of the Consumer Goods Fund";

Letter of the USSR Ministry of Finance of 4 February 1967, No 37.

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## CONSUMPTION TRENDS AND POLICIES

### SPEECH, LEADERSHIP DISCUSSIONS ON REGIONAL CONSUMER COOPERATIVES DESCRIBED

#### Tsentrosoyuz Rep Smirnov Speech

Moscow SOVETSKAYA POTREBITEL'SKAYA KOOPERATISYA in Russian No 6, 1982 pp 3-11

[Speech by A. A. Smirnov, chairman of the governing board of Tsentrosoyuz [Central Union of Consumers' Societies, USSR]: "To Raise the Quality and Effectiveness of the Activity of Consumers' Cooperatives"]

[Excerpts] As was noted at the November (1981) Plenum of the CPSU Central Committee, during the time that has passed after the congress of the party, a great deal of political, organizational and economic work has been done. In 1981, the first year of the new five-year plan, further growth has been secured in social production and in its efficiency. The party and the government are doing everything possible to overcome more rapidly the difficulties that have developed in the development of the agro-industrial complex and in providing the population with food products and consumption goods.

Consumers' cooperatives have during the first year of the 11th Five-Year Plan coped with the fulfillment of basic plans and tasks. The turnover of retail goods exceeded 78 billion rubles, and, taking into account the sale of agricultural products in cities and workers' settlements--80 billion rubles. The plan was fulfilled by all consumers' cooperatives in the union republics. Moreover, the total commodity turnover at the retail level (in comparable prices) increased by 3.7 percent, the turnover from the sale of products from private production in public catering--by 5.5 percent, and from the sale of agricultural products purchased according to prices established by arrangement--by 12.4 percent.

The volume of sales of industrial production in cooperative enterprises in 1981 attained 6.3 billion rubles and increased in comparison to the preceding year by 5.8 percent. The plans for the production and sale of basic kinds of food products and non-food commodities have been fulfilled.

In the difficult weather conditions of the past year, the cooperative organizations, under the guidance and with the constant support of party and soviet organizations, coped with the fulfillment of the plans for the procurement of potatoes, fruit, grapes, eggs, wool, karakul, furs, cranberries, red bilberries, large tanning material, scraps of ferrous and nonferrous metals, and many other kinds of production. Underfulfilled was the annual plan for the procurement of vegetables, as well as melons, small pig-skin material, fur material, mushrooms, and other kinds of



wild-growing products and secondary raw material. All consumers' cooperatives of the union republics fulfilled the plan for profit.

However, the results that have been achieved, A. A. Smirnov emphasized, must not set us at ease to any extent. All the more so since in the activity of many cooperative organizations, some oblast and republic unions and the governing board of Tsentrosoyuz there are still important shortcomings and omissions. It is inadmissible that --given general fulfillment of the plan targets from quarter to quarter--more than 20 percent of the stores and enterprises of public eating and almost 30 percent of the enterprises of industry fail to cope with the tasks.

The economy must be economical--that is the requirement of the time. This proposition, formulated by comrade L. I. Brezhnev at the 26th Congress of the party, is a capacious and generalized expression of the objective tendency of the development of the national economy. The battle for the economic and careful utilization of resources, for the increase in the quality of work and efficiency must permeate the activity of all industries, of every enterprise and every work collective.

Quality and efficiency as applied to the work of the consumers' cooperatives signify, above all, the increase in the level of service to the population, the systematic execution of plans, targets, and socialist obligations accepted by all cooperatives and enterprises, the fuller inclusion of the commodity resources of agricultural products, the maximum use of local raw material and industrial by-products for the expansion of the output of consumer goods. Moreover, all of this must be accomplished with reduced expenditures.

Quality and efficiency--this is an increase in returns from fixed capital, a more rational use of the already available material-technical base and new capital investments, the growth of labor productivity, the securing of the growth of the basic volume indicators without an increase in the number of workers, and the acceleration of the turnover of goods.

Quality and efficiency--this is the perfection of the economic mechanism, the improvement of planning, the fuller utilization of economic levers and incentives, the execution of the strictest regime of economy in everything, the liquidation of losses from mismanagement, and the guarantee of the full safety of cooperative property.

Quality and efficiency--this is the acceleration of the introduction of the achievements of scientific-technical progress and advanced experience, the further growth of the qualification of cadres, the increase in the effectiveness of educational and mass-organizational work in the work collectives and among the members of the consumers' cooperatives.

In each of these directions there are quite a few reserves and possibilities that have still not been utilized.

## To Raise the Quality of Service to the Population, the Efficiency of the Work of Enterprises of Trade and Public Catering

The CPSU Central Committee and the USSR Council of Ministers adopted the decree "On Measures for the Further Development of Trade and the Improvement of Trade Service to the Population in the 11th Five-Year-Plan."

This important document determines the principal directions of increasing the level of trade service, the efficiency and quality of the work of enterprises of trade and public catering. In a pointed and exacting manner the question is raised concerning the strict fulfillment of the instructions of the party and the government regarding the establishment of strict order in the observance of the rules of trade, the eradication of mismanagement, losses and other negative phenomena, regarding the more active maneuvering of trade resources and the introduction of advanced experience.

Our task is to create in every rural region a well-organized and efficiently-operating system of trade services that would guarantee rural inhabitants the possibility of obtaining all necessities in their own region, without having to go to remote cities for the purchase of goods.

We have worked out the basic principles of such a systematic and comprehensive approach to the organization of trade services for the population. They consist in the further strengthening of the network of "Daily Consumption Goods" stores, the creation of a complex of indispensable enterprises in the central farmsteads of kolkhozes and sovkhozes, the perfection of the organization of trade in the rayon centers which are the natural points of gravitation for the rural inhabitants.

The speaker then analyzed problems of the economic efficiency of trade.

The growth of commodity turnover is still being attained to a significant extent by virtue of extensive factors. During the 10th Five-Year-Plan fixed capital increased by 35 percent, but retail goods turnover--only by 24 percent. In the republics of the Baltic consumers' cooperatives net 4,000-5,000 rubles a year from every square meter of trade area, but in the Ukrainian, Georgian and Armenian republics--less than 3,000 rubles.

If the average indicator for the system (3,200 rubles from one square meter of trade area) is increased by 10 percent by the end of the five-year-plan and is brought to 3,500 rubles, then this would increase the commodity turnover in existing enterprises by 6 billion rubles and simultaneously, without any capital expenditures, we would receive a profit of 120 million rubles a year. There is the return on investment in trade!

More than 100,000 cooperative stores, or one third of their total number, are located in settlements with a population of up to 500 people. The commodity turnover per 1 square meter of trade area in these stores calculated on a year basis amounts to only 2,000 rubles, that is, it is one and a half times lower than it is for the system as a whole, and, calculated per 1 worker--less than 5,000 rubles a month. Many of these stores are unprofitable.

It is necessary for all consumers' cooperatives, trade administrations and main administrations of Tsentrosoyuz, TsINOTUR [Central Institute of the Scientific Organization of Labor, Administration and Rationalization], VNIIEKT [All-Union Scientific Research Institute of Economics of Cooperative Trade] to engage without delay in the institution of good work by the local trade network and to develop transported trade [razvoznaya trgovlya] in small villages on a significantly larger scale.

A serious shortcoming in our work is the frequent absence of an economic approach in the specialization of the retail trade network. In the Promtovary [Industrial goods] stores, for example, commodity turnover per 1 square meter of trade area is lower than in the "Daily Consumption Goods" stores, but the rate of commodity turnover is almost twice as slow. The further development and consolidation of the network of cooperative department stores also requires serious attention.

Weak use for the increase of efficiency in trade and public eating establishments is being made of the reserves lying concealed in self-service. Its social effect is expressed in the real saving of time by the purchasers and visitors of dining rooms. And this is good. As far as the economic effect is concerned, it is frequently reduced to nil because of the unskillful organization of the technology of trade processes, the maintenance of a superfluous number of workers, and an unjustified narrowing of the assortment of goods. Now, when already more than 70 per cent of the cooperative stores and the majority of dining rooms and cafes have made the transition to the self-service method of work, we must secure in fact an important economy of living labor and a significantly greater return from the existing trade areas, from fixed capital.

A verified way of increasing the efficiency of trade and public eating establishments is their comprehensive rationalization. Now, when this work will be carried out not only in the consumers' cooperatives but also will become an integral part of the state inter-industry territorial programs, it must be given more intensive attention. The reconstruction and technical reequipping of the enterprises of trade and public catering must be carried out in a comprehensive manner, the kolkhozes and sovkhozes must be involved in this on a wider scale, as well as the industrial enterprises, and other local possibilities must be more fully utilized.

In conformity with our program, we must--by virtue of rationalization--receive an additional 2 million square meters of trade area and 100,000 square meters of storage area, as well as 25,000 places in public eating establishments, during the 11th Five-Year Plan; in these sectors alone we must free approximately 400,000 workers and economize more than 50 million rubles of marketing expenditures.

It is also necessary to reorganize seriously the work of our wholesale link. First of all, we must significantly raise the role of the wholesale bases of the main administrations of Tsentrosoyuz and the consumers' cooperatives in terms of their influence on industry.

Secondly, a no less important aspect lies in increasing the responsibility of the wholesale enterprises for the supply of commodities to the retail trade network. Up to now the workers in the stores of many regions were compelled to concern themselves with the delivery of goods, the store managers frequently spent half of

their time at the bases, and the progressive form of the supply of commodities--the centralized delivery of goods--is being introduced exceedingly slowly. Its volume amounts to only 42 percent of the wholesale-warehouse turnover. We cannot put up with this in the future.

An important reserve of increasing the efficiency of trade is the acceleration of the rate of commodity turnover and the putting in good order of the commodity stocks.

The acceleration of the rate of commodity turnover by only three days--and this is for all an entirely practical task--will make it possible already with the present volumes of commodity turnover to free, calculated on an annual basis, more than 90 million rubles of our own funds and to reduce the demand for credits from Gosbank by 460 million rubles.

In the course of a number of years an economically inexpedient distribution of commodity stocks developed in the cooperative organizations between wholesale and retail links. At the beginning of the current year, wholesale trade accounted for only 30 percent and retail for 70 percent of the total stocks of cooperative trade. The overwhelming part of the above-norm stocks are concentrated precisely in the retail trade network--which frequently encourages the waste, embezzlement and damage of the goods.

During the 11th Five-Year-Plan we must increase the stocks in wholesale trade by 10 days on the average, not exceeding the established standards for the system as a whole, and by the end of the five-year-plan bring the share of wholesale trade in the total stocks of cooperative trade to 38-40 percent, and in the future--to 50-55 percent.

The situation that has developed with regard to the efficiency of the work of enterprises of public catering is causing concern. In many consumers' cooperatives the work of the enterprises of public catering is conducted in the old fashion. Every enterprise, even a very small one, prepares the kitchen production from beginning to end. The experience of creating specialized shops and the comprehensive supply of dining rooms and food preparation areas with semimanufactures, which has proved itself, is being poorly disseminated. In some consumers' cooperatives, such as the Novgorod, Leningrad, Vladimir, Volg grad and Kuybyshev cooperatives, for example, even in the presence of specialized shops, all enterprises of public catering continue to carry out the whole cycle of product preparation.

Meanwhile in the Krasnodarsk consumers' cooperative, where 22 specialized shops are open which supply semimanufactures to 213 enterprises, high economic indicators were achieved. Many consumers' cooperatives in the Ukraine, the Baltic, and some other republics are developing public catering in the right direction.

Still another important measure which will be conducive to an increase of both the social and the economic effectiveness of public catering is granting enterprises the right to purchase non-cereal agricultural produce at contract prices for the expansion of the assortment and increase of the output of their own production. These possibilities must be used on a wide scale, with initiative and enterprise.



Questions of increasing labor productivity in trade and public catering require special attention. During the 9th Five-Year-Plan the number of workers in cooperative trade increased by 11 percent, and in public catering--by almost 22 percent, during the 10th Five-Year-Plan by 6.3 and 9.1 percent respectively; but during the current five-year-plan the increase must come to only 1 percent. We must solve this problem by means of the perfection of the organization of labor and the active introduction of positive experience. Judge for yourselves: For 1 million [rubles] in commodity turnover there are 8 salesmen in the Lithuanian consumers' cooperative, in the Estonian--9, in the Belorussian--11, and in the Ukrainian--13. There is still a great diversity in the level of output for one worker among the oblasts and rayons of the same republics.

It is necessary to make a serious change in our attitude towards the existing normative materials regarding labor. If these norms are used with skill, one can significantly increase labor productivity, free a certain number of workers, and obtain the entire growth of volume indicators by virtue of an increase in labor productivity. The Kaluzhskaya Oblast Consumers' Cooperative [chairman: Comrade V. P. Borisenko] was able to obtain the entire growth of activity in all sectors, except public catering, during the past year by virtue of the increase in labor productivity!

The question of the work routine of the enterprises of trade and public catering deserves great attention. Many consumers' cooperatives do not make use of the allotted right to establish the work day for enterprises of trade and public catering with its division into two shifts [with breaks in work over two hours] with additional payment for the time worked on the scale of 30 percent of the wage rates, salary or piece-rate pay.

In many cases the work routine of non-food stores without a day off is not called forth by acute necessity. Here we are talking not only about economy, but also about an important social measure in regard to the improvement of the conditions of work and the everyday life of the workers of the consumers' cooperatives themselves. We must also significantly expand the practice of attracting into trade and public catering pensioners for an incomplete work day or an incomplete work week.

The governing boards of the oblast and republic consumers' societies, Tsentrosoyuz, their trade administrations and departments must take up all of these pressing questions quickly, in real earnest and concretely.

#### To Make Fuller Use of Commodity Resources and to Conduct Procurement and Production Activities More Efficiently

Among the important key problems which we have to solve during this five-year-plan, our party, at the 26th Congress and at the November (1981) Plenum of the CPSU Central Committee, has put into the forefront the task of guaranteeing the supply of the population with food and industrial products.

Together with the consumers' cooperatives of the union republics, Tsentrosoyuz has worked out and approved a well-aimed program envisaging the receipt of commodity resources valued at the total sum of approximately 75 billion rubles during the



11th Five-Year Plan, including 65 billion rubles for the food complex, or almost 16 billion rubles more than during the 10th Five-Year-Plan.

One of the most acute problems in our food program is the expansion of the purchases of meat of the population and its production in cooperative subsidiary farms.

The main thing which is required of us is to purchase from the population during the current year no less than 1 million, and during the coming year--1,1 million tons of meat, and to sell 70 percent of it and of the meat products made from it in stores of consumers' cooperatives situated in towns and workmen's settlements.

Unfortunately, the rates of the purchases during the first quarter of this year are far from meeting the established targets, and in the towns and workmen's settlements only 60 percent of the stored meat products are being sold. It is necessary to correct this situation immediately.

In order to cope with this important and complex task a large amount of daily organizational work is needed. In our country more than 20 million private subsidiary farms keep cattle and poultry. However, we have stable relations only with every third farm.

Poultry resources are being developed especially poorly. Of the poultry meat produced annually by the population in a volume of 450,000-460,000 tons (in slaughter weight), only 8,000-10,000 tons are brought into state resources and are purchased by consumers' cooperatives. Every consumers' cooperative must, without delay and taking local conditions into account, objectively determine concrete measures for increasing poultry purchases, including by virtue of the organization of mobile slaughtering stations.

An essential source of increasing meat resources is the expansion of the production of meat in subsidiary enterprises of consumers' cooperatives. Our program envisages the increase of meat production by a factor of 2.5 to a total of 423,000 tons during the five-year-period.

What gives rise to caution, however, is the fact that the circle of successfully working consumers' societies is expanding extremely slowly. In developing the the production of meat on our own farms, we all have to devote more attention to the economics of this business, to the obtaining of production with reduced expenditures.

There are quite a few organizations which have achieved positive results here. The Borisoglebskoye Rayon Consumers' Cooperative of Voronezhskaya Oblast, for example, obtained 280 tons gain in the weight of meat and 110,000 rubles in profit from the fattening of swine and large-horned cattle at a cost of 1 ruble 53 kopecks per kilogram, and a subsidiary farm of the public catering association of the Kuybyshevskiy Rayon Consumers' Cooperative of Kaluzhskaya Oblast obtained 242 quintals of gain in weight at a cost of 92 kopecks per kilogram of live weight. There are quite a few such examples.

However, in a number of places this sector, as the result of unskillful management, yields significant losses. The low efficiency of the work of fattening farms is

frequently connected with the irrational use of feeds, with the attempt to fatten animals of large weight, and with the inadequate development of their own reproduction of younger animals. Considerable losses develop in connection with the maintenance of a superfluous number of workers in the fattening farms.

Of great significance is the selection of optimal variants of animal husbandry projects. The Ukrainian Consumers' Cooperative, for example, is building fattening stations for 400-500 head of cattle at a time in the rayon centers. These stations are mechanized from the initial processing of food scraps to the distribution of feeds and the treatment of the premises. The construction of such a station with equipment comes to an average of 80,000-90,000 rubles and it pays for itself in 3-4 years with two turnovers in the fattening of swine a year. Along with this, small fattening stations must be created in conjunction with dining-rooms, restaurants, canning and brewing plants, and other food enterprises.

The practice of concluding agreements with workers of consumers' cooperatives concerning the raising of cattle on private subsidiary farms, which has become disseminated during the past few years, also merits attention. In Moldavia, for example, dining-rooms and restaurants conclude agreements with workers of the public catering enterprises for the fattening of swine at home. In accord with these contracts for fattening, food scraps are supplied that are calculated at 8 rubles a ton. After fattening the "home-workers" sell the swine to the cooperative at a price of not more than 2 rubles a kilogram of live weight, less the cost of the starting weight and the food scraps. In 1981 approximately 1,000 such contracts were concluded and more than 700 quintals of meat were obtained.

This experience must be used widely and everywhere. Moreover, the contracts for fattening of animals must be concluded not only with workers of our enterprises, but also with the members of cooperatives and with our shareholders.

Poultry-raising may serve as a large reserve for the increase in meat production. During a short period the cooperators of Uzbekistan built 86 poultry-farms, set up 65 incubators and are obtaining young birds not only for their own farms, but also for sale to the population. During 1981 approximately 3,000 tons of poultry meat were obtained. And this industry is highly profitable.

The business of fattening animals is not a simple one. It requires a great deal of labor and organizational work. There must not be a single cooperative organization, not a single public catering enterprise or food industry enterprise, not a single procurement organization that is not earnestly and concretely involved in this matter. Given such an approach, the contribution of the cooperatives to the food program of the country will become more significant. And this must be done not at any price, but on the basis of sober economic calculation and enterprise, guaranteeing the appropriate economic efficiency of the industry.

A. A. Smirnov further dwelt on the questions of improving the organization and increase in the efficiency of the procurements of agricultural products and raw material.

Regardless of weather conditions, there is an annual increase in the fruit and vegetable production of the kolkhozes, sovkhoses and the population that is completely

adequate for the fulfillment and overfulfillment of the established plans. We must in good time achieve the allotment of resources from the kolkhozes and sovkhoses on the local level, to have closer relations with them, and also actively buy up the surpluses of the population. A great deal of objective work needs to be done in regard to the reduction of losses of agricultural produce--especially during its procurement, transportation, storage and processing.

There are quite a few consumers' cooperatives in the system which are attaining high economic indicators in regard to the preservation of produce.

During the past few years the cooperators of the Bryanskaya Oblast [Chairman: Comrade V. S. Akimenko] have had a stable record of fulfilling the state plans for the procurement of agricultural produce. In 1981 the procurement turnover of this consumers' cooperative almost doubled in comparison with the preceding year. More than 2 million rubles in profit were obtained, the profitability amounted to 3.5 percent of the procurement turnover, and expenditures decreased by 26 percent. During the past year, approximately 500,000 tons of potatoes and fruit and vegetable were procured and in the presence of such large volumes the complete preservation of the produce was secured.

Another picture is observed in the Kurskiy Consumers' Cooperative [Chairman: Ye. A. Fateyev], where there is systematic nonfulfillment of the basic plan targets, where the available resources have been extremely poorly developed, and where the work among the population is virtually not developed.

In the improvement of the procurements of agricultural products the material-technical base plays a decisive role. It is necessary to establish state order in the utilization of storage facilities for vegetables and potatoes and fruit storage facilities, as well as other procurement projects, and to make efforts to attain that during the procurement season and period of preservation no less than the two-fold or three-fold volume of produce go through them.

In the production-procurement complex, the processing of fruit and vegetable and wild-growing produce is of the greatest significance. Practice has shown that, along with the development of canning factories, in every organization procuring on the order of 2,000-3,000 tons of potatoes, fruit, vegetables, and wild-growing produce, we must have a plant for the processing of non-standard raw material and raw material that is unfit for use in fresh form.

Such small enterprises proved themselves very well in Krasnodarskiy and Stavropol'skiy Krays and in Cherkasskaya, Dnepropetrovskaya and other oblasts. The expenditures for them are quickly recovered, and the output of production is highly profitable.

Great reserves in the expansion of food resources and the increase in the efficiency of state purchases are found in the sphere of the development of industry for the rapid freezing of fruit and vegetables and of drying facilities.

Consumers' cooperatives annually produce 400,000 tons of salted and fermented vegetables, which enjoy a great demand among the population. Here we must without fail

make wider use of developed technology by using polyethylene containers, vacuum seal, and refrigeration. The new technology, by comparison with the old, makes it possible to reduce losses by 5-7 percent, i. e., by 15,000-20,000 tons of produce, to increase quality, and to make more efficient use of production capacities.

In accordance with the well-aimed program of increasing commodity resources, the organizations of the consumers' cooperatives must in 1982 increase the purchases of wild-growing fruit and berries, cranberries and red bilberries, as well as mushrooms, by a factor of 1.7 in comparison to 1981. The solution of this task is possible only on the basis of a basic improvement in organizational work among the population, the accelerated development of the material-technical base, and the broad introduction of the initial processing of wild-growing produce.

However, many consumers' cooperatives display an attitude of indifference to this work and manifest formalism and lack of discipline.

Under equal conditions the Moscow Consumers' Cooperative overfulfilled the plan for the procurement of mushrooms threefold, having procured 640 tons while the plan called for 250 tons, but the Kostroma Consumers' Cooperative, with the same plan, procured only 91 tons. The cooperators of the Vladimir and Gor'kiy Oblasts have identical possibilities, but the Vladimir Consumers' Cooperative, regardless of weather conditions, procures 2,000-2,500 tons of mushrooms annually, while the Gor'kiy Consumers' Cooperative procures 15-20 times less and practically conducts no organizational work of any kind. Everything must be done so as to make this year a turning point in this matter for all consumers' societies.

In the sphere of state purchases of livestock and secondary raw material it is necessary to put special emphasis on the side of the fullest development of raw material resources. It is completely realistic to secure already in 1982 the development of the resources of tanning and fur raw material in the kolkhozes and sovkhoses to the extent of not less than 95 percent instead of the 86 percent of the past year, and in regard to secondary raw material not only to fulfill the plan of the current year, but to recover the shortage for 1981, which will make it possible to produce additional consumer goods valued at more than 1 billion rubles.

Many consumers' cooperatives have not drawn any conclusions from the decisions of the Council and the governing board of Tsentrosoyuz about the development of rabbit-breeding and the improvement of the work with the population concerning the procurement of the production from rabbit-breeding.

The governing board of Tsentrosoyuz is concerned about the state of procurements of producer furs. In the course of the last 8 years the procurement plans for them have not been fulfilled and the volumes are being reduced. The attitude towards this important sector of work must be decisively changed. It is also necessary to make wider and fuller use of the great possibilities of our koopzveropromkhozy [Cooperative farms of the All-Russian Production and Scientific Association of the Fur-Bearing Industry] in the matter of the comprehensive development of the riches of the forest.

During the current five-year-plan in the presence of the well-known limitation of capital investments for new construction, we are giving a certain priority to pro-



curement projects. At the same time it is necessary to take measures to bring about a significant increase in the output-capital ratio of the existing material-technical base. Calculations show that, if the necessary agreement between the distribution of the capacities of procurement enterprises and the volume of resources is secured, then by virtue of this alone the output-capital ratio of procurement projects could be increased by 15-16 percent and approximately 130 million rubles in capital investments annually could be saved.

Questions of increasing the efficiency of cooperative industry we subjected to special examination at the seminar that took place in November of last year and was conducted on the basis of advanced industrial enterprises of the Georgian Consumers' Cooperative. The task lies in seeing to it that everything valuable in this experience is applied as rapidly and efficiently in all consumers' cooperatives. The main thing is to secure the growth of production and the improvement of the quality of industrial production with the least capital investments and without increasing the number of workers.

We must proceed more actively along the path of the organization of complex enterprises--food combines, in which possibilities are created for the fuller utilization of production capacities and equipment, the mitigation of seasonal prevalence, the growth of labor productivity, and the economy of raw material and fuel-energy resources.

Special attention must be given to the introduction of permanent technology.

At the seminar in Georgia we saw how rationally and efficiently the waste from food production can be used. All of them are compressed, dried, and processed in the simplest plants. The meal obtained from the dried and fragmented wastes are used as a valuable component in the animal feed industry.

At the wine plant of the Kiev Oblast Consumers' Cooperative, an assembly line for the production of fruit powder from apple pressings is being put into operation in cooperation with scientists of the UkSSR Academy of Sciences. This is also a very important and promising matter.

In the breweries there must be an increase in the scope of the work on the catching of carbon dioxide for the needs of the nonalcoholic sector, as is already being done by a number of plants in Russia, Kazakhstan, and Azerbaijan.

A significant reserve of increasing efficiency is the overcoming of the seasonal factor in the work of canning enterprises. For a number of years we have been receiving no more than 27-28 percent of the canning production of the annual volume during the first six months of the year. With such a production structure, production capacities are utilized unevenly and not fully. Meanwhile the ways of overcoming the seasonal factor have been known for a long time. For this we must secure the procurement of raw material towards full demand and adjust well the production of semi-manufactures--sulphitated puree, fruit juices, extracts, dry spices, and others; we must make more rational use of refrigeration capacities for the long preservation of fresh fruit. All of this will make it possible to secure a normal rhythm of work in the course of the entire year and to preserve the stable composition of the work collectives.



In cooperative bread-baking we must actively pursue the policy of expanding and improving the production assortment--which corresponds to the demand of the population and increases the economic efficiency of the industry. There must be a more active introduction of progressive technology guaranteeing an increase in labor productivity and quality of production. The introduction of methods of the bulk preservation of flour, the moist preservation of salt, and aggregates for the continuous preparation of dough are an important reserve in this business.

It is a well-known fact that no less than 40,000 people a year are occupied with the manual loading and unloading of production for bread plants and stores. These expenditures of labor are sharply reduced when container transport of bread is used. In the Estonian Consumers' Cooperative, where practically the entire production of bread-baking is transported in containers, the economic effect of the reduction of workers for loading and unloading alone amounted to about 5 rubles per 1 ton of finished production. And taking into account the fact that the containers are used simultaneously as packaging and equipment, the annual economic effect of the introduction of this technology in the Estonian Consumers' Cooperative amounts to 400,000 rubles.

It is necessary to give increased attention to the economy of bread resources. I would remind you that the use one ton of whey in bread-baking saves 30 to 40 kilograms of flour.

We must become more actively involved in saving sugar and fats in the food industry, public catering and bread-baking by virtue of the output of articles with a lower content of sugar and fats and the wider introduction of coverings of bread forms with polymers instead of vegetable oil.

At the seminar in Georgia special attention was devoted to the use of local raw material. Clay, stones, inert river materials, and secondary raw materials can and must be widely used for the production of building blocks, facing slabs, pottery articles, souvenirs, and other goods. It is precisely to this path in the development of the production of non-food commodities in cooperative enterprises that we must give preference.

A comprehensive system of quality control is being introduced extremely slowly in industry, although all normative materials regarding this question have been worked out long ago and conveyed to the enterprises.

#### To Perfect the Economic Mechanism of Consumers' Cooperatives

In order to attain high end results it is necessary to introduce a system of comprehensive measures regarding the perfection of the economic mechanism and the extension of its influence on the increase of efficiency and quality, and to improve the organizational structure of administration and the style and method of work.

Questions of improving the planning and analysis occupy the most important place in the perfection of the economic mechanism. Cases still persist where plans are composed without adequate economic substantiation, and frequently planning is reduced to the addition of a growth rate, lacking any foundation at times, to the attained level, without taking into account the real possibilities of one or another collective.

Serious shortcomings exist in the planning of cooperative industry and the procurement of agricultural produce. The plans for the production of some types of articles and the procurement of agricultural products according to agreed-upon prices are frequently even based on volumes lower than those of previous years. It is natural that such plans are easily overfulfilled, they do not create the necessary tension in the work, and they are not conducive to an increase in commodity resources.

Planning and economic work must be made to correspond to contemporary requirements, and the elaboration and successful realization of economically justified stepped-up plans must be secured.

An important place is occupied by the reorganization of economic work with due regard for the practical introduction of the planning of program-specific methods and a system of scientifically-grounded norms and standards.

A concrete expression of the program-specific methods of control and planning is the elaboration by us of three well-aimed programs: Comprehensive rationalization; the increase of commodity resources; and the reduction of the use of manual labor and the improvement of the use of technical equipment. These programs are a component part, I would say the heart, of the plans of the economic and social development of consumers' cooperatives.

It is necessary to make fundamental improvements in the economic analysis of the operational-financial activity of the management of the cooperative economy at all levels and especially in the lower link--the rayon consumers' cooperatives and consumers' societies. The main element in this consists in the determination of the validity and level of tension of the established tasks, in the constant control of the course of their fulfillment, in the comprehensive study of the reasons for the nonfulfillment of the plans, including with regard to profitability and other economic indicators, with regard to the reduction of losses.

The economic analysis must be comprehensive, i. e., it must encompass all aspects of the economic activity of cooperative organizations and enterprises. It must serve as the basis for the elaboration of organizational measures for the realization of special-purpose programs, plan targets, and the socialist obligations being accepted.

In the management of the economy the utilization of cost accounting, profit, production cost and other economic levers and stimuli occupies an increasingly active role.

In consumers' cooperatives all links and all sectors of activity are working on the basis of cost accounting conditions.

At the same time, we have many enterprises which are not on a cost accounting basis and do not have complete economic independence. Their activity must be built on the principles of internal cost accounting, the organization of which is also subjected to the interests of strengthening cost accounting relations and aimed at the achievement of high work results.

In conditions of internal cost accounting an interest is created in the control of the rational use of the labor force and the wage fund, the observance of the established norms of the commodity turnover rate, the economic use of means of transportation, electric power, and the reduction of losses.

An efficient form of the organization of internal cost accounting in industry are the cost accounting brigades, and in construction--the brigade contract. The organizational work on the wide introduction of internal cost accounting in all sectors of cooperative activity must be increased.

Not long ago, the Governing Board of the Tsentrsoyuz, in agreement with the State Committee for Labor and Social Problems, the AUCCTU, and the Central Committee of the trade unions, adopted the decision "On the Perfection of Economic Incentive." Stable norms are being established for the formation of incentive funds for the entire 11th Five-Year Plan. This creates increased interest in the work collectives in the increase of the volumes of activity and the efficiency of work; the rights and the responsibility of consumers' cooperatives regarding the use of material incentive funds are being significantly expanded. A centralized material incentive fund is being created which will be expended for the payment of bonuses to collectives--the victors in socialist competition. Under the new order of economic incentive, means will--to a greater extent than previously--be directed towards the increase in work efficiency, the preservation of cooperative property, and the realization of the food program. For example, an additional payment of bonuses to the extent of 25 percent is being established for the workers of those collectives which successfully engage in the production of meat. For the administrative workers in retail trade enterprises and enterprises of public catering incentives have been established for procurements and purchase of agricultural products. For the workers of bases, storehouses for the preservation and sale of potatoes, fruit and vegetables, an additional one-time bonus payment has been introduced for the fulfillment of the plan for the laying in of potatoes and vegetables for winter storage, the securing of the preservation of produce and the lowering of losses during storage.

To a greater extent than previously incentives are being given for quality indicators of work. In particular, increased economic incentives are being given to activity with a smaller number of workers, the fulfillment of contracts for the delivery of commodities, and the increase in the quality of service to the population.

An important link in the economic mechanism is the consistent practical realization of a regime of economy. Large losses are also still being admitted from the write-off of commodities above the norm of natural shrinkage in trade, procurements and public catering. Commodity losses must be regarded not only as a monetary loss of the cooperative, but also as an economic loss to the state. Indeed, this is practically the loss of a large number of material values created by the work of tens of thousands of people.

The practice and experience of more than 2,000 cooperatives, rayon consumers' cooperatives and zagotkontory [procurement offices] working in the course of three and five years without losses above the norm serve as clear proof of the fact that it is possible to work everywhere without losses, and this must become the law.

The experience of the work of the L'vovskiy, Rostovskiy, Litovskiy, Latviyskiy, Bukharskiy, and many other consumers' cooperatives shows that container facilities can be run not only without losses, but with a significant profit.

It is impossible to condone the fact that in some consumers' cooperatives unprofitable organizations continue to exist up to now. We must adopt measures so as to ensure that all of our enterprises and organizations produce a profit.

The governing board of Tsentrosoyuz once again demands that the governing boards of the consumers' cooperatives and cooperative organizations take the most urgent measures in regard to the liquidation of embezzlement and other negative phenomena, strengthen the educational work in the collectives, create an intolerant situation around individuals who encroach on cooperative property, and mercilessly expel plunderers, thieves and their accomplices from the consumers' cooperative.

The party and the government have set the task of intensifying the economy of fuel-energy and other material resources. The park of trade and technological equipment requiring electric power in consumers' cooperatives numbers about 2 million units; of these more than 200,000 units are the most power-intensive heating equipment in electric heating.

Calculations show that no less than 10-15 percent of the energy and fuel resources being required can be saved through the execution of organizational-technical measures.

At a critical juncture is the question of the perfection of norm setting, the accounting and control of the expenditure of fuel, heat and electric energy, the necessity of the urgent repair and heat insulation of equipment. In every consumers' cooperative it must be determined who works out the norms for the expenditure of fuel and energy resources, how they are conveyed to the enterprises and organizations, how better to organize control over the observance of these norms and the economic expenditure of resources. This is an important component of the struggle for a regime of economy.

A. A. Smirnov further dwelt on the problems of capital construction. First and foremost significance in this sphere must be given today to the quality indicators --the timely introduction of fixed capital, the increase of the return of capital investments, and the reduction of construction periods and the dimensions of incomplete construction.

A priority direction of capital investments in the present five-year-plan is the construction of projects of the food complex. Plans call for the direction of 1.393 billion rubles towards these goals, as compared to 1.180 billion rubles in the preceding five-year-plan. In so doing, it is planned to direct 53 percent to the construction of new projects of procurement and the food industry, and 47 percent to the reconstruction, expansion and technical reequipment of existing enterprises. Such a structure of the capital investments guarantees the fulfillment of the basic tasks of our food program.

An important question is the reduction of the capital-intensiveness of production buildings. We must make wider use in construction of lightened construction com-



ponents made of reinforced concrete, arbolit, cellular silicate concrete, polymer materials, and wood-glue constructions.

The design institute of Tsentrosoyuz has worked out a series of prefabricated designs for rural cooperative enterprises consisting of different units: Store complexes, procurement stations, and living quarters for cooperative workers. Moreover, the selection of such complexes can be easily changed, taking into account concrete local conditions. The introduction of such pre-fabricated designs into mass construction will produce a saving of the order of 15-17 percent in comparison with the construction of individually-standing enterprises and housing.

Economical is the series of new types of department stores in one-story design. In the installation of projects in accordance with these plans conditions are created for the broad application of facilitated constructions, and the total saving in comparison with two-story department stores, analogous in terms of capacity, amounts to 15-20 percent for metal, and approximately up to 30 percent for cement.

We must give the most careful scrutiny to the composition of plans for department stores, restaurants and other cooperative enterprises being selected for new construction in concrete conditions, and make wider use of local materials in construction.

Further the speaker touched on another important and complicated sector of our activity--automobile transportation. The crucial situation in regard to transportation is known to all. However, given equal conditions, many consumers' cooperatives secure its efficient use, but others--poorly. If we would succeed in bringing the productivity of the Ukrainian Consumers' Cooperative's automobiles up to the level actually attained in the Rovenskoye Automobile Association, it would be possible, with the existing park, to handle additional freight turnover of 267 million ton-kilometers in volume, which is equivalent to the work of more than 3,000 trucks a year.

The transport administration of Tsentrosoyuz, the Ukrainian and other consumers' cooperatives must adopt immediate measures aimed at the dissemination of the experience of the Rovenskiy, Estonskiy, Stavropol'skiy and other automobile enterprises, which guarantee the highly-efficient use of transportation.

In order for all elements of the economic mechanism--planning, economic levers and incentives, and a regime of economy--to produce the requisite effect, a significant increase in the level of administration is necessary.

For the system of consumers' cooperatives, which is not only an economic, but also a large social and mass organization uniting tens of millions of members, this problem is especially urgent.

As the result of the enlargement of cooperative organizations and the concentration of the administrative apparatus their total number has decreased. At the same time, the possibilities for the perfection of the structure of administration are by far not fully used.



Unjustified differences in the size of the administrative apparatus in individual consumers' cooperatives continue to exist. For example, with almost identical volumes of economic activity, the share of the administrative apparatus in the total number of workers amounts to 13 percent in the Estonian Consumers' Cooperative, but in the Armenian Consumers' Cooperative--almost 21 percent; and whereas the administrative apparatus in the trade sector occupies 11.7 percent of the total number of workers among the Estonians, the figure for the Armenians is 26.7 percent, i. e., 2.5 times as large. With an annual volume of procurement turnover of 74 million rubles in the Estonian Consumers' Cooperative, the numerical size of the administrative apparatus of this sector comes to 46, but in the Armenian Consumers' Cooperative, where the turnover is almost the same (77 million rubles)--193 people, i. e., 4 times larger. Still great is the numerical size of the administrative apparatus in a number of oblast and kray consumers' cooperatives in Russia, the Ukraine, Uzbekistan, and others.

Obviously, the unnecessary numerical size of the apparatus shows up negatively in the results of work, and we must in the nearest future adopt measures to reduce and simplify the administrative apparatus.

The governing board of Tsentrosoyuz has already called the attention of the consumers' cooperatives to the unnecessarily complex and inefficient structure of administration in the rayon consumers' cooperative. To this time there still remain bureau subdivisions, created in many rayon consumers' cooperatives in place of the abolished consumers' societies, which are usually called "retail trade enterprises on cost accounting". Instead of the creation of enterprises consisting of a head store and its branches and working, as a rule, on the principles of internal cost accounting, the same office apparatus is actually maintained that existed in the sel'po [rural consumers' cooperative]. Only the signs have been changed, the democratic forms of control being replaced by administrative ones. That is whole reorganization.

Meanwhile the structure of the forms of administration in the rayon consumers' cooperative determines the indicators of the efficiency of their activity.

Thus, for example, in rayon consumers' cooperatives with a commodity turnover from 15 to 25 million rubles a year (and that is the majority), the level of turnover expenses under the form of administration of the "rayon consumers' cooperative--as a store with branches" comes to 6.7 percent, under the "rayon consumers' cooperative--as a cost accounting retail trade enterprise-store"--7.3 percent, and, finally, the "rayon consumers' cooperative--as a rayon trade association--retail trade enterprise on cost accounting--store"--8.2 percent. As you see, the difference is important.

In recent times attention to the perfection of the structure of consumers' societies, operating within the framework of the rayon consumers' cooperatives, has been diminished. The advantage of larger cooperatives has been demonstrated a long time ago, and we must with persistence bring about the practical realization of this policy.

It is necessary to give greater consideration to the demands of the optimal combination of industrial and territorial forms of administration and, above all, to

the interests of the comprehensive development of the cooperative economy, and the fuller utilization of the advantages of the consumers' cooperative as a multi-sector organization.

Proceeding from these positions we decidedly do not support the policy, being conducted here and there, of removing such sectors as public catering and bread-baking from the jurisdiction of the rayon consumers' societies and rayon consumers' cooperatives and transferring them to the jurisdiction of the oblast cost-accounting subdivisions of the consumers' cooperatives. It is also impossible to support the attempt of creating in some places parallel-operating wholesale bases and warehouses for supplying public catering enterprises in the presence of the underutilization of the warehouse services in the food trade.

Greater attention must be given to the integration of the individual sectors of the activity of consumers' cooperatives.

Today as never before it is important for the enterprises of trade and public catering to take an active part in the procurement of produce in the private subsidiary farms, especially in the remote settlements.

All sectors of the cooperative economy, all administrative subdivisions, must be under the control of members of the cooperative system and its elected organs. This applies not only to the activity of the governing boards of cooperative organizations, but also to the perfection of the practice of the conduct of meetings of the shareholders, the development of cooperative sections and the activization of their work with the members of the cooperative, and the improvement of the activity of the representatives and the commission of cooperative control. We must make more active the activity of the bases of the work with the shareholders.

#### Educational and Organizational-Mass Work--In the Service of Efficiency

The decisive turn to intensive methods of management calls forth the necessity of strengthening the educational and organizational-mass work, an improvement in the organization of the economic education of the workers and members of the consumers' cooperative system. It must be directed towards actively imparting to cadres a feeling of something new, the ability and desire to gain a deeper understanding of the economics of the economic activity of the store, wholesale base, dining-room or coffee-house, industrial enterprise or procurement office, construction project or motor pool, of every lower link of our multi-sector system.

The educational work during the contemporary phase must be directed towards the reorientation of economic thinking and the development of a work style in which--as was demanded by the 26th CPSU Congress--painstaking execution would be combined with bold initiative and enterprise, practicalness and efficiency. Our leading cadres must fully possess the ability to assess the results that have been attained from a perspective of self-criticism, to perceive shortcomings and be able to overcome them.

A complex of concrete measures, aimed at the improvement of the work in regard to the selection, placement and training of cadres, especially in the lower link, must be carefully thought out and realized in every consumers' cooperative.

In presenting the requirements to the cadres, greater concern must be manifested about the improvement of the conditions of the work, life and everyday existence of the workers. This task was once again clearly emphasized at the 17th Trade Union Congress which has just been held. The chairmen of the governing boards of the consumers' cooperatives must take under their personal control the course of the construction of housing and pre-school institutions, as well as effectively decide questions of the heating of stores and the creation of the necessary comfort and conveniences in them for the work and relaxation of our workers.

During the contemporary phase the role of cooperative education is growing. It is necessary to perfect constantly the academic plans and programs, to link them closely with urgent questions of the development of the consumers' cooperative system, and to secure the formation of the creative thinking of future specialists already during the very process of study.

The system of increasing the qualifications of cadres is in dire need of serious reorganization. The governing board of Tsentrosoyuz not long ago adopted a decision concerning this question and set forth a number of concrete measures. In conditions when the center of gravity in economic administration is increasingly being transferred to economic methods of management, all this must be directed towards the securing of the good economic training of cadres and teaching them the ability to analyze the results of work not only from quantitative, but especially from qualitative positions, i. e., by taking into account economic efficiency to find better decisions which guarantee the growth of labor productivity, the rational use of fixed capital, and the observance of a regime of economy.

The struggle for the increase of quality and efficiency requires from all of our cadres purposeful and concrete work in regard to the utilization in practice of the achievements of scientific-technical progress and advanced experience.

The practical introduction of technology must be placed on a concrete and business-like basis. To reach this goal, we must locally create brigades of engineers, technicians, and specialists of TsINOTUR [Central Institute for the Scientific Organization of Labor, Management and Rationalization], who through their own efforts or with the involvement of specialists from other organizations could map out concrete measures for the mechanization of labor-intensive operations, especially loading and unloading work, the regulation of transportation flows, and the reduction of the use of manual labor.

#### Leadership Discussion

Moscow SOVETSKAYA POTREBITEL'SKAYA KOOPERATISYA in Russian No 6, 1982 pp 12-19

[Text] V. F. Yermakov, Chairman of the Governing Board of the Union of the Consumers' Societies of the RSFSR

For the cooperative organizations of the Russian Federation the first year of the current five-year-plan was a period of strenuous work over the fulfillment of the tasks set by the 26th CPSU Congress and the search of new, more effective forms and constructive solutions of the problems of the advancement of the economy. The cooperators of the republic fulfilled the plan targets and socialist obligations in terms of all basic indicators.

At the center of attention of the cooperative organizations are questions of the intensification of the economy and increases in the efficiency of the cooperative economy. The growth of commodity turnover, industrial production output, procurements of agricultural products and raw materials, and volumes of freight transportation and construction were secured by virtue of the growth of labor productivity practically without the involvement of additional labor force.

Much attention is being given to the rational distribution of commodity resources, which--given the stable fulfillment of the plans for commodity turnover--made it possible to accelerate the turnover-rate of commodities, reduce commodity stocks and lower turnover expenditures. During the last five years, commodity turnover per 1 square meter of trade area increased by almost 300 rubles and now amounts to about 4,000 rubles for the Union of the Consumers' Societies of the RSFSR. This made it possible to increase commodity turnover by 3 billion rubles on the same areas in the past year alone.

By strengthening the regime of economy, the cooperators of Russia reduced non-productive losses by one third and made 902 million rubles in profits.

The governing board of Tsentrosoyuz and the Central Committee of the Trade Unions three times during the past year awarded the challenge Red Banner to the Union of the Consumers' Societies of the RSFSR for successful work. However, in the republic there are still significant differences in the indicators of plan fulfillment for organizations and enterprises, unsatisfactory distribution of commodities, the presence of above-norm stocks, the penetration of poor-quality and unmarketable commodities into the stores, the violation of trade regulations, and other negative phenomena.

There are problems with the purchases of individual types of agricultural products and raw materials, as well as the production of some commodities in cooperative enterprises. In a number of consumers' cooperatives the output of articles manufactured from local raw material is poorly organized. Surpluses of agricultural products held by the population, as well as resources of wild-growing nuts, berries and mushrooms, are not fully drawn into circulation.

Frequently trade and other economic measures turn out to be too expensive because of inability to determine beforehand their economic expediency. We must do a great deal of work and work persistently to eliminate these shortcomings.

The workers' watch of Russian cooperators this year is held under the sign of a worthy welcome to the 60th Anniversary of the USSR and the realization of the decisions of the November (1981) Plenum of the CPSU Central Committee. The role of the cooperators in the socio-economic transformation of the Soviet village is constantly growing. If previously the growth of deposits in rural savings banks outstripped the growth of the commodity turnover of consumers' cooperatives of the republic, the reverse process can now be observed.

True, rural inhabitants, not finding the needed commodities in rural stores, still transact a significant part of their purchases in towns. For this reason it is important to balance the commodity turnover plan and its commodity supply, and not only in terms of total volume, but also in terms of product assortment. To this



end we are devoting maximum attention to drawing commodity resources into circulation by virtue of increasing their production in our own enterprises, the expansion of the purchases of agricultural products from the population and kolkhoses, the development of the fattening of cattle and poultry, the breeding of rabbits, the catching of fish, and the decentralized procurements of commodities. All of this is envisaged in our special purpose complex program. Already during the current year the indicated sources will yield various commodities valued at more than 7 billion rubles, or a fourth of a billion more than during the past year.

Unfortunately, in balancing resources and demand we are encountering some serious problems which seemingly are impossible to overcome with our own powers.

Thus, in recent times sales have slowed down and there has been an increase in the stocks of some commodities [hand-made carpets, expensive cigarettes, head shawls, winter coats with fur collars, especially for women, jewelry articles, vodkas, and others], at the same time when there is a shortage of such daily consumption goods as tobacco items of cheap varieties, working clothes, rubber boots, men's shirts, bed linen and blankets, a number of household, radio and electric items, building materials, garden and kitchen-garden stock, tools, and others. These questions deserve serious attention of the planning organs of Tsentrosyuz and the USSR Ministry of Trade.

A vital task is the perfection of the management of capital construction. Its dimensions have grown significantly. During the last years we have begun to build large projects--wholesale bases and department stores, factories and plants. The necessity has arisen to raise the level of management of construction, to introduce more perfect technological and technical-economic designs, and to generalize and disseminate advanced experience in the conduct of work operations.

In all ministries and departments conducting construction and installation work on a large scale, specialized production organizations have been created. Only the consumers' cooperatives do not have them.

We take the view that it is time to create such subdivisions. They pay for themselves in a short time, and the benefit from them will be great.

A number of problems of the cooperative industry of the republic also demand solution. Let us take, for example, the processing of agricultural raw material. We have created a highly-mechanized canning industry producing annually almost 450 million cans of 140 different product designations. However, 110 kinds are unprofitable. They amount to about 300 million cans. The loss from their production comes to almost 7 million rubles a year, which holds back output and, naturally, is reflected in the satisfaction of the demand of the population. Obviously, the time has come to review the prices of the unprofitable types of canned goods, with a view to setting them not lower than the production cost.

On the processing of mustard and horse-radish. Here we produce about 6 million cans of this production, but according to the instructions now in effect, they are not included in the fulfillment of the plan for canned goods, although the output is produced in the same production capacities and by the same workers manufacturing also fruit and vegetable canned goods. There is a need to review the instruction holding back the output of products which are in great demand.



In conclusion comrade Yermakov dwells on the problem of cadres in procurement work. There are not enough of them. In the Russian Federation there is one procurement agent on the average for every 600 households, and in some oblasts--for every 1,000 households and more. There are many reasons, but perhaps the main one is that the older generation is leaving procurement work for other work several years before retirement. The thing is that the old age pension for procurement workers is established not on the basis of actual wages, but on the basis of an estimated rate of wages. Taking into account the growing significance and role of the procurements and purchases of agricultural products and raw materials, the general procedure for the establishment of old age pensions ought to be extended to procurement workers in consumers' cooperatives.

S. V. Litvinenko, Chairman of the Governing Board of the Union of Consumers' Societies of the UkSSR

During the first year of the 11th Five-Year Plan the cooperators of the republic basically fulfilled the plans of economic and financial activity. At the same time, we acknowledge that the level of work still does not fully meet the demands of the 26th CPSU Congress and the November (1981) Plenum of the Central Committee of the party. We have quite a few shortcomings and unused reserves.

The cooperators of the Ukraine began the current year unsuccessfully--they did not secure the fulfillment of the plan of commodity exchange in January and February and they are not making full use of the possibilities for the further reduction of expenditures, the elimination of losses due to mismanagement, embezzlement, misappropriations, and other abuses. At the present time a large amount of organizational work is being carried out to eliminate these shortcomings and the struggle against negative phenomena is being waged more actively.

Great significance is being ascribed to the fulfillment of special purpose complex programs. During the 11th Five-Year Plan comprehensive rationalization will be carried out in 30,000 stores, which will make it possible to obtain additionally about 400,000 square meters of trade area, to introduce new highly-efficient equipment, advanced technology, and to improve the work of the trade network, including those located in remote settlements.

In the Ukraine approximately 15,000 stores are located in small settlements with a population of up to 500 people. These are basically small enterprises with an average trade area of 40-45 square meters and a monthly commodity turnover of 6,000 to 7,000 rubles, predominantly with one salesman. We do not intend to liquidate such enterprises, but, on the contrary, we are taking all measures to improve their work through reconstruction and other measures. In assessing the work of the small stores of remote areas, one must proceed mainly from the level of the organization of trade, its culture.

The Ukrainian Union of Consumers' Societies is being rightly subjected to criticism for the insufficiently efficient use of the trade network in large populated areas and rayon centers. In correcting the situation, we are conducting work on the concentration and specialization of trade in commodities of complex assortment. Lately there has been an increase of more than one and a half times on the average in the capacity of the department store with respect to trade area and the volume of commodity turnover has doubled. The number of department stores with a trade area

of less than 400 square meters has diminished by almost half. There has been a significant increase in the network of stores of the type of "Detskiy mir" [Children's World], "Tekhnika" [Technology], "Sovremennoye domashneye khozyaystvo" [The Modern Household], "Sporttovary" [Sporting Goods], and others. Now approximately 60 percent of the non-food commodities are being sold through department stores and specialized stores.

We are strengthening the material-technical base of the wholesale trade and are expanding the network of large mechanized inter-rayon bases. At the present time 139 of them are operating with a total area of more than 2 million square meters. During the 11th Five-Year Plan warehouse areas will increase by another 340,000 square meters. At present 18 large wholesale trade bases are being built. A total of 18 oblast unions of consumers' cooperatives have been transferred to direct relations with industrial enterprises, and by the end of the five-year-plan the remaining ones will make the transition to these relations.

Great significance is being ascribed to the development of dispatcher operations control. In the lower link more than 400 dispatcher information services have already been created. The organization of systems of dispatcher operations control is being completed in seven oblast unions of consumers' cooperatives and work is being conducted in another nine. In the future the creation of dispatcher service is envisaged in all oblast unions of consumers' cooperatives with an output in the Ukrainian Union of Consumers' Societies.

We are improving the organizational structure of cooperative organizations. In the course of the next 2-3 years we envisage the completion of the consolidation of 360 consumers' societies with an annual commodity turnover volume of up to 2.5 million rubles.

Invariably in the center of attention is the realization of a complex program of increasing commodity resources, by which it is envisaged to increase the output of food commodities and the procurement of agricultural products during the current five-year-plan by almost 2.7 billion rubles, or by 22 percent, and to expand the fattening of cattle and poultry in cooperative subsidiary farms mainly on the basis of food wastes.

The Ukrainian Union of Consumers' Societies has 4,000 production enterprises, which during the past year turned out various commodities for 1.7 billion rubles. As a whole, every fifth ruble in turnover of food commodities was obtained through our own production. During the 11th Five-Year Plan plans it is contemplated to increase the output of food commodities by a factor of 1.4.

The union of consumers' societies of the republic on the whole is coping with the fulfillment of the financial plans and targets. During the past year 381 million rubles in profits were obtained, a saving of turnover and production expenditures was achieved, the profitability of trade, public catering and production increased somewhat. A struggle against mismanagement and non-productive expenditures has manifested itself. During the 10th Five-Year Plan losses incurred in packaging of commodities above the norm of natural shrinkage diminished fourfold, and they were also lowered during the past year.

Nevertheless, we still have many unused reserves and the losses from mismanagement, waste, theft, and losses from fires are still great.

The governing board of the Ukrainian Union of Consumers' Societies has developed and is putting into practice measures to increase the regime of economy, to strengthen the struggle against negative phenomena, and to reduce expenditures so as to obtain no less than 420 million rubles in profits a year.

Increasing the good working conditions and high standards of trade, we are replacing equipment with more perfect equipment, we are improving advertising, we are increasing the packaging of commodities, we are building large wholesale bases and trade centers. In these conditions we should utilize all channels for increasing incomes. Let us say, for many cost-intensive commodities the dimensions of the trade discounts should be increased. It seems to us that the governing board of Tsentrsoyuz must also achieve the solution of such questions as the reduction of rates for the sending of receipts through communication enterprises, for the insurance of commodity stocks, and the lowering of interest rates for the use of loans by Gosbank, which at present are extraordinarily high.

Material-technical supply is a serious problem. The fixed assets of the Ukrainian Union of Consumers' Societies at present amount to more than 3 billion rubles. To maintain the material-technical base in proper condition, repair work for a minimum of 100 million rubles has to be carried out every year. But material-technical resources for these purposes are in general not allotted.

And let us take cooperative production, which represents a large number of plants for the output of sausage articles, non-alcoholic beverages, canning plants, and other food enterprises. While the volume of production during the past 7 years has increased by a factor of 1.5, the allotted resources of spices, carbon dioxide, sugar, and citric acid have practically not increased.

The workers of construction organizations and production enterprises have also been compelled to obtain--on their own responsibility and at their own risk--materials, raw materials, equipment, means of mechanization, at times allowing various violations. I think, said comrade Litvinenko, the time has come to place the material-technical supply of cooperative organizations on a plan basis.

And the last thing--on the formation of a contingent of students of cooperative VUZ's. In the L'vov Institute for Trade and Economics, for example, 747 people, or about 40 percent, out of 1,900 students studying in the day-time division, are inhabitants of L'vov and L'vov Oblast. After completion of the educational institution, they refuse--under various pretexts--to go to other oblasts, for the most part they remain in L'vov.

An analogous situation exists in the Poltava Cooperative Institute. The bottom line is that there is a surplus of specialists in L'vov Oblast and Poltava Oblast, but other oblast consumers' cooperatives do not have them and cannot get them. Even those graduates who are in other oblasts by directive frequently return to Poltava and L'vov after having completed the three mandatory years of work.

The administration of the educational institutions of Tsentsrooyuz must seriously study this problem and solve it.

K. Z. Terekh, Chairman of the Governing Board of the Union of Consumers' Societies of the BSSR

The efforts of the workers of the consumers' cooperatives in our republic have been concentrated on the further development of all sectors and on the realization, in the course of this five-year-plan, of the program of doubling commodity resources by virtue of the expansion of our own production and procurements. The plans and socialist obligations in regard to the commodity turnover at the retail level, the development of our own production in public catering, the production of consumer goods and procurement turnover during the past year were fulfilled. Commodities valued at 44.4 million rubles were sold above the plan to the toilers of the village.

A large role in the increase of the economic efficiency of the cooperative economy is played by the comprehensive rationalization of its sectors. For example, during the past year an additional 3,500 square meters of trade area were obtained through the comprehensive rationalization of 630 stores. For new construction the expenditures would have been at least 1.3 million rubles--whereas for rationalization only 800,000 rubles were required.

In public catering the course has been set for industrialization, the creation of culinary combines of [public] catering, procurement enterprises and plants. Its efficiency is confirmed by the following figures: During the 10th Five-Year Plan the output of our own production increased by 46 percent, the sales of semi-manufactures increased by 56 percent, and the sales of culinary products and confectionery--by 40 percent. During the first year of this five-year plan, the output of our own production of public catering was expanded by more than 6 percent, the sale of semi-manufactures, culinary products and confectionery--by 7 percent.

True, for the time being the procurement enterprises supply semi-manufactures to [only] 1,300 dining-rooms and coffeehouses, or 30 percent of the total number. The task has been set to increase this indicator to no less than 50 percent by the end of the five-year-plan.

We take the view that it has become necessary to solve the question about granting the associations for public catering increased trade discounts for products regardless of the sources of their receipt. Indeed, it is absurd when such discounts are given only when products are obtained from the established supplier and only directly by the association for public catering. When products are delivered by the rayon wholesale base which are designated for public catering, increased discounts are not granted. This, in turn, made it necessary to create additional warehouses under the associations for public catering along with the available warehouses of the wholesale bases.

In the solution of this question approximately 130 warehouses of the Belorussian Consumers' Cooperative can be abolished and about 400,000 rubles can be saved for wages and transportation expenditures alone.



The speaker dwelt in particular on the development of cooperative industry. As a result of the reconstruction of many enterprises that has been carried out, the reorganization of the structure of the administration, the improvement of the use of production capacities, as well as the growth of labor productivity, he noted, the volume sales of industrial production during the past year increased by almost 10 percent. Above-plan sales of production came to 30 million rubles, the output-capital ratio grew by 3 percent, and in such types of production as sausage production--almost by 4 percent, and canning--by more than 10 percent. Approximately a million rubles of above-plan profits were made.

Nevertheless, in the presence of the profitable work of industry as a whole, a loss of 1.3 million rubles was allowed in the production of the majority of types of fruit and vegetable canned goods. The basic reason for this lies in the fact that the retail price for such canned goods is lower than the procurement prices for the raw material. In order to encourage the production of canned goods the question of the sale of this production at prices based on cost accounting must be solved, or of the compensation of the losses through a reduction of the tax rates on the turnover of other types of production.

Further comrade Terekh touched on the scientific-practical seminars being conducted by Tsentosoyuz and the training of leading cooperative cadres on the basis of the experience of advanced consumers' cooperatives of the republics and oblasts. This is a useful and effective form, he emphasized, it helps to introduce everything new and advanced into practice in a more effective manner.

Thus, having studied the experience of the work of the dispatcher information services of the Ternopol' cooperators, we created them in 84 of 117 rayon consumers' cooperatives and rayon consumers' societies of the republic, as well as in two oblast consumers' cooperatives. This made it possible to make more effective decisions in regard to many economic questions, it improved the administration of trade, public catering and procurements, and it strengthened the control of the activity of enterprises. To a significant extent it was precisely thanks to this innovation that losses of commodities above the norm of natural shrinkage, from packaging, and the turnover expenditures during the past year compared to the preceding one decreased by almost 7 million rubles, and approximately 5 million rubles in above-plan profits were made. This is why we have set the task already in the current year to complete the creation of dispatcher information services in all rayon consumers' cooperatives and rayon consumers' societies.

Having been at the All-Union Seminar in the Uzbek Consumers' Cooperative, comrade Terekh continued, we became convinced of the efficiency of the creation of large trade complexes. Valuable experience was gained regarding their equipment.

Take, for example, the trade complex built by us not long ago in the settlement Leninskiy in the Zhabinkovskiy Rayon of Brest Oblast. Here there is a food store with a trade area of 117 square meters, an industrial goods store (182 square meters), a store for culinary products (59 square meters), a dining-room with 50 seats, and a beer bar with 48 places. Whereas the separate construction of the same enterprises would have required a minimum of 300,000 rubles, the complex cost us 230,000 rubles.



Similar enterprises have been erected in a number of other large populated areas of the republic, and in the future we plan to build them in 70 rayon centers and large settlements and villages.

Perfecting the style and methods of work, the governing board of the Union of Consumers' Societies of the BSSR has introduced into practice an annual review of the results of the economic and financial activity of every sector on the basis of the best enterprises, with the participation of managers of the oblast and rayon link directly responsible for this section. A detailed analysis of the state of affairs promotes the exposure of unused reserves, the dissemination of advanced experience, and the increase of the responsibility on the part of the workers for the business entrusted to them.

Economic conferences are held annually in the rayon consumers' society and the consumers' cooperatives.

In conclusion, comrade Terekh dwelt on questions demanding solution. At the present time, he said, bonus payments based on work results are envisaged for all categories of workers in the system, with the exception of the staff of the republic consumers' societies. As a result, the average wage of a specialist of the republic consumers' cooperative is lower than that of an oblast-level specialist.

In Belorussia we already have experience, when the staff of a number of republic ministries and departments [in particular the ministry of trade] is transferred to new conditions of economic incentive, and this shows up positively in the state of things.

Z. Sh. Siradzhev, Chairman of the Governing Board of the Union of Consumers' Societies of the UzSSR

For the consumers' cooperatives of the republic high rates of commodity turnover are characteristic. During the past five-year plan it increased by 42 percent, and in 1981--by 8.5 percent. This is a result of the great exactingness vis-a-vis the cadres, the increase of executive discipline, the improvement of the quality of planning, and the perfection of a system of effective management and control. The development and strengthening of direct economic relations with industry are also an important condition for increasing the efficiency of trade. Direct contracts account for the receipt of 68 percent of the shoes, 77 percent of the clothing, and a significant share of cultural and personal goods and household items.

Lately we have introduced into operation a number of large inter-rayon bases and carried out the comprehensive rationalization of existing wholesale enterprises. The consumers' cooperatives now have all necessary conditions for entering into direct relations with industrial enterprises which are located also in other union republics.

Increasing their contribution to the food program, the Uzbek cooperators planned to increase the output of food production by a factor of 1.6 during this five-year plan, the purchases of agricultural products in private subsidiary farms--by a factor of 1.8, and the production of meat--by a factor of 2.3. What has been planned is being realized. We attained a high level of the use of production ca-

capacities: For canning enterprises it reached 98 percent, for brewing enterprises--99 percent, for plants producing non-alcoholic beverages--92 percent. Nevertheless, there are still reserves for increasing the output of production in existing capacities, especially through the reconstruction and technical reequipping of enterprises. Plans call for directing about 44-45 percent of all capital investments of the food complex towards these goals. True, we are seriously concerned about the shortage of technical equipment and means of mechanization.

We believe that, in the interest of objectivity in the determination of the quality of fruit and vegetable production being shipped to the all-union fund, quality inspections of the type of Tsentosoyuz inspections operating in Moscow and Leningrad ought to be created in the large oblast centers of the Russian Federation.

During the 10th Five-Year Plan the Uzbek Consumers' Cooperative lowered the level of expenditures of turnover in trade by 0.04 percent, in public catering--0.23 percent, and in procurements--by 0.32 percent. This made it possible to raise the profitability of the sectors. Commodity turnover and profit per 1 ruble of fixed assets are higher in our system, and the turnover expenses are lower, than the average indicators for the Soviet Union.

Comrade Siradzhev expressed the opinion that the indicator--uniform for the entire system--of the growth of the number of workers in trade and public catering, which was established in the 11th Five-Year Plan, needs to be differentiated. It is impossible, you know, not to take into account different rates of growth of commodity turnover, the quantity of new enterprises opened up, the demographic situation developing in some regions.

Now perfectly correctly the question is being raised about the necessity of increasing the efficiency of capital investments. Here there are quite a few internal reserves. But the material-technical supply of construction must also be improved. You see, the volume of construction and installation work established in our system for this year is secured with material resources to the extent of only 70 percent, and for the subsequent years--it is even worse.

V. M. Belimov, Chairman of the Governing Board of the Tselinograd Oblast Consumers' Cooperative

The rapid growth of modern trade enterprises with progressive forms of service is a characteristic feature of the improvement of trade service in the village. In the virgin lands kray universamy [self-service department stores] have appeared, specialized stores "Detskiy mir" [Children's World] and "Tekhnika v bytu" [Technology in Everyday Life], and there is an expansion in the number of enterprises for trade in shoes, cultural and everyday goods and household items. By virtue of the execution of comprehensive rationalization in 470 trade enterprises, an additional 7,000 square meters of trade area were obtained, and more than 5 million rubles were saved. The entire growth of commodity turnover in the 10th Five-Year-Plan and in the first year of the 11th Five-Year-Plan was obtained through an increase in labor productivity, without increasing the number of salesmen. The level of self-service in cooperative stores has been brought up to 89 percent of the commodity turnover.

The cooperators of the oblast take an active part in the solution of the food problem. A special purposeful program has been developed and is being realized for the improvement of the work of food enterprises, public catering, the increase of the purchases of agricultural products and raw material, the production of meat in our own subsidiary farms, and the improvement of the commission trade in the cities.

On lands taken away by consumers' cooperatives 14 subsidiary farms and 30 fattening centers have been organized. Having built two poultry yards for 50,000 animals, as well as other livestock facilities, the cooperators produced 1,390 tons of meat in 1981--with a plan of 500. During this five-year plan it is envisaged to obtain 12,000 tons of meat.

Actively influencing the development of private subsidiary farms of citizens by means of selling them farming tools, equipment, fertilizer, and mixed feed, we try to acquire the resources of surplus production as fully as possible. We are making a practice of going from farmstead to farmstead, we conclude contracts for the surrender of agricultural products, we are expanding the network of receiving centers, and we are introducing the sale of commodities that are in high demand to active suppliers. During the past two years 7,000 tons of meat were purchased at contract prices--which exceeds the volumes of procurements of this product for the 7 preceding years.

We are developing the food industry at accelerated rates. During the last years we have built three large bread plants and a cattle-slaughtering station with a sausage plant, we have reconstructed brewery plants and shops for the production of non-alcoholic beverages. The volume of the sale of production for the year increased by 21 percent, and production valued at more than 1.2 million rubles was turned out above the plan. We are expanding, first of all, the production of sausage products, smoked fish, confectionery, and non-alcoholic beverages.

During the 11th Five-Year-Plan we are building another food combine, reconstructing bread plants, and increasing the capacities of confectionery production. At the same time we are envisaging the expansion of the output of non-food commodities.

The governing board of the oblast consumers' cooperative is giving serious attention to the problems of economy and thrift. During the first year of the 11th Five-Year Plan 800,000 rubles in above-plan profits were realized--a 1.2-fold increase compared to 1980, turnover expenses were lowered, and the profitability of trade increased. Much work is being done in regard to the elimination of losses of commodities above the norm of natural shrinkage, for the year they were lowered almost twofold, and the losses and expenditures due to packaging were also reduced.

Concrete measures were developed and are being realized in regard to the further strengthening of the financial situation and the increase in the efficiency of the cooperative economy.

From the platform of the meeting of the Council, comrade Belimov said further, he wanted to raise some questions which require the assistance of Tsentrosoyuz. Thus, we regard as completely inadmissible the delivery of salt, tea from Georgia, and confectionery in unpackaged form for trade. What is also disturbing is the fact that we receive from year to year not more packaged commodities from industry, but, on the contrary, fewer and fewer.

In spite of the measures being taken, commodities of lower quality continue to penetrate into the trade network. In our view, it is necessary to organize things in such a way that, when there are price reductions of nonsaleable and unmarketable goods, the producers of these articles bear a certain share of the expenses--which will increase their responsibility with respect to the fulfillment of the orders of trade.

In the virgin lands the problem of service to shepherds and horse-herds is particularly urgent. There has been a great deal of talk for a long time about the fact that the motorized stores are far from perfection, that their cross-country capability and reliability are low. Our industry, no doubt, is capable of creating "stores on wheels" suitable for providing service to almost inaccessible regions. And this must be done.

At present they are actively propagating the experience of the Baltic cooperators in regard to the introduction of container equipment. But where is one to get it? It is necessary to adjust the centralized manufacture of container equipment and supply cooperative organizations with it.

S. M. Mal'kov, Chairman of the Governing Board of the Omsk Oblast Consumers' Cooperative

Comprehensive programs of the social and economic development of cooperative organizations are being developed and realized successfully in the oblast. During the first year of the present five-year-plan, 7 percent more commodities were sold to rural inhabitants than during the preceding year, or for 986 rubles per capita of the population. All 31 rayon consumers' societies fulfilled and overfulfilled the plan of turnover for public catering, procurements, and the production of their own output. The sectors of cooperative activity are profitable.

Cooperators purchased 17,000 tons of meat from the population--6,000 tons more than in 1980. A total of 1,200 tons of sausage products were turned out and sold.

The procurement workers made the round of more than 220,000 farmsteads and for the current year concluded more than 160,000 contracts for the purchase of surpluses of agricultural production. The cooperative organizations are providing private subsidiary farms of citizens with agricultural tools and young cattle.

We are expanding the network of receiving and procurement centers--their number has now been brought up to 225.

The cooperators are also endeavoring to purchase surpluses of agricultural products from members of garden and market-garden associations. In Omsk alone, you know, there are 84 horticultural associations uniting more than 27,000 people. During the past year procurement centers received 62 tons of berries and 48.5 tons of fruit from amateur gardeners.

We regard the organization of cooperative subsidiary farms a first and foremost matter. During the past year 438 quintals of meat were obtained by virtue of overweight; at present more than 800 hogs are being fattened. We strive to use mainly food wastes as feed.



K. E. Semak, Director of the Production Motor Transport Association of the Rovenskiy Oblast Consumers' Cooperative

Based on the results of the year 1981, our collective was awarded the challenge Red Banner by the CPSU Central Committee, the USSR Council of Ministers, the AUCCTU, and the Central Committee of the All-Union Lenin Young Communist League.

Having broadly developed socialist competition for the fulfillment of the targets ahead of schedule, the toilers of the association exceeded the plans with respect to all technical-operating and economic indicators. A total of 1.2 million tons of freight were transported, including more than 60,000 tons above the plan.

We are making use of various forms of labor competition--competition of motor columns, motor brigades, and shops, and contests are organized for the title of the best driver. In summing up the results, we determine not only the winners, but also indicate the place won by this or that motor column and by every worker.

An important direction of increasing the efficiency of transports, in our view, is, first of all, the improvement of the technical condition of the motor vehicles, the increase of their operating coefficient. And this is possible only in the presence of a good production base. The organization of the association has made it possible to bring about the systematic and competent development of the base of our motor pool and to improve the technical processes of repair and technical service of motor vehicles, to improve the working conditions and standards of production.

In the majority of motor pools cloak-rooms, showers, rooms for sleeping and eating have been created. At the expense of the fund of economic incentive a rest base has been organized, a first-aid station has been equipped, a dining-room with 60 seats has been built, as well as a hothouse with an area of 500 square meters, which every winter brings more than 5 tons of fresh vegetables to the table of the workers.

All of this made it possible to improve the transportation work appreciably and to raise the output coefficient of motor vehicles to 0.76--which is higher than in other motor pools of the Ukoopsoyuz [District Union of Consumers' Societies].

To increase the use coefficient of a run and to reduce empty trips, the motor vehicle association is conducting systematic work with regard to the fuller loading of motor vehicles. We endeavor to load returning motor vehicles with containers, agricultural products, the production of cooperative manufacture, etc. For this a central dispatcher service has been created at the head motor vehicle enterprise.

The average length of operation of a motor vehicle on the line has been raised to 10.9 hours per 24-hour period. During this year we plan to increase it to 12 hours.

Forty-five motor vehicles have been equipped with load-carrying sides, which made it possible to make use of containers for the delivery of commodities to the trade network and to mechanize loading and unloading operations. A comprehensive system of control of the quality and efficiency of labor has been introduced in the motor vehicle association.



Speaking of problems, comrade Semak noted that, although much has been done in regard to lowering the length of the idle times of motor vehicles during loading and unloading, they are nevertheless still high in the trade enterprises. Insufficiently effective use is also being made of motor vehicles working on an hourly-rate basis.

The association is constantly experiencing a shortage of fuel and lubrication materials; tires, too, are in short supply.

Ch. K. Gasanov, Chairman of the Governing Board of the Azerbaijan Union of Consumers' Cooperatives

All sectors of the cooperative economy of the republic are developing at accelerated rates. In 1981 the target with respect to overweight through fattening of animals was exceeded by 87 percent. For the achievement of high rates of speed in the increase of commodity resources, the consumers' cooperative was awarded the challenge Red Banner of Tsentrosoyuz and the Central Committee of the trade unions with the first cash prize.

The speaker devoted a great deal of attention to the realization of the special purpose program of the comprehensive rationalization of cooperative activity. By virtue of this an additional 5,345 square meters of areas for the spreading-out of commodities have already been obtained, and in the current year the increment will have to amount to at least 6,000 square meters of trade area, 2,000 square meters of warehouse area, and more than 100 seating places in public catering enterprises. The economic effect of the comprehensive rationalization alone will amount to more than 3 million rubles.

The growth rates of the volume indicators for the republic consumers' cooperative significantly outstrip the growth of the number of workers. The entire growth of the volumes of work in such sectors as trade, industry, and construction was obtained by virtue of the increase of labor productivity. At the same time, it must be acknowledged that we did not cope successfully with this indicator in public catering, procurements, and transportation.

The republic consumers' cooperative also allowed the slowing down of the turnover rate of commodities and working capital, the targets with respect to the lowering of the liabilities of debtors were not fulfilled, there was an increase in the sum of large shortages, and the number of organizations working unprofitably is also large.

During the current year we are working strenuously on the solution of these problems. The consumers' cooperative has significantly improved the work with packaging materials; as a result, while there has been an increase in the volumes of commodity turnover, procurements and production, the expenditures and losses due to packaging have not only not increased, but, on the contrary, have been significantly reduced, both in absolute figures and in percentages of turnover. This has been attained basically by virtue of the creation of the bases for the concentration, repair, and dispatch of packaging materials--there are 4 of them now.

However, the organs of Gosstab [State Committee for Material and Technical Supply] and the USSR Ministry of Procurement, citing their instructions, are blocking the creation of bases for packaging materials, and the USSR Ministry of Procurement categorically prohibits cooperators from collecting flour and groats sacks, repairing and cleaning them, and dispatching them according to the orders.

Or the following question. Year after year up to 10,000 tons of apple pressings are thrown away in the canning production. Only a scanty quantity of them is used for the feeding of cattle. Five years ago we submitted a proposal for the use of pressings for the production of cider vinegar. For this an extractor is required. The equipment is not complicated, but, unfortunately, Glavkoopsnab [Main Administration for Equipment Manufacture and Materials and Equipment Supply] and Glavkoop-pishcheprom [Main Administration for the Food Industry] of Tsentrosoyuz did not help to obtain it.

A problem of no small importance is the use of pomegranate peels (waste materials from the production of juice), which contain tanning substances, tanin. During the past year, our industry processed 12,500 tons of pomegranates, disposing of 7,000 tons of peels as waste. From them useful substances valued at 2 million rubles could be extracted. But for this it is necessary to organize special production.

And further. At the Marneul'skiy Experimental Plant of the Georgian Consumers' Co-operative a good solution has been found for the problem of the transportation of glass containers from the warehouses to the plant, and from the plants to the warehouse for finished production by means of the installation of monorail conveyors. To disseminate this experience, the Technical Administration of Tsentrosoyuz and Tsentrosoyuzproekt [Planning and Design Administration of Tsentrosoyuz], in our view, ought to prepare the technical manufacturing instructions of the innovation and get the manufacture of this equipment going at any machine building plant and supply it to consumers' cooperatives.

A. A. Yankauskas, Chairman of the Governing Board of the Lithuanian Consumers' Co-operative

A large part of his speech he devoted to an account of the experience of the co-operators of the republic with respect to the perfection of the style of work and the management of the economy. Neither large capital investments nor new technology will bring the appropriate effect, the speaker emphasized, if good administration and perfect organization of labor are not initiated. In solving these tasks, we endeavored to develop democratic principles, the initiative of the masses, and to secure effectiveness and flexibility in decision-making. The governing boards and the public organizations are directing the energy and initiative of the co-operators above all to smooth-functioning work. In the course of the past five years the plans for commodity turnover at the retail level were fulfilled every year by all rayon consumers' cooperatives and rayon consumers' societies.

We are giving a lot of attention to the efficient use of capital investments, reconstruction, technical reequipment and specialization of the existing trade network, with the goal of securing the sale of a constantly growing mass of commodities and the improvement of the service to the population. In so doing the number of workers remains unchanged.

The comprehensive rationalization of enterprises of trade and public catering is already fully completed in 29 out of 45 rayons. The enterprises are being supplied with different kinds of trade and technical equipment on an increasingly wider scale. Almost all stores selling perishable goods have refrigeration facilities.

There is steady growth in the level of supply of the trade network and the turnover per square meter of trade area is increasing. Our goal is for every rayon center and every large settlement to have a department store with a trade area of 1,500-2,250 square meters.

In wholesale trade the course has been set for the construction of large, highly-mechanized inter-rayon bases. At present the Lithuanian consumers' cooperative has 7 such bases at its disposal, whose total area amounts to more than 105,000 square meters. By 1990 two more large bases will be built.

Modern wholesale makes it possible to exclude superfluous transports and transfers of commodities and to increase significantly the efficiency of the use of funds allotted for capital construction of the warehouse network.

A certain experience has been accumulated in the republic with respect to the centralized delivery of commodities. In total complexity, the centralized delivery of commodities from the bases to the trade network amounts to about 75 percent of their wholesale-warehouse turnover. At all inter-rayon bases forwarding services have been created--which is exceedingly important in the delivery of commodities in containers and in the increase of the efficiency of the use of motor transportation. All of this has made possible the lowering of transportation expenses.

During the 10th Five-Year Plan the commodity turnover rate decreased by 28 days and reached 85--which made it possible to obtain an economic effect of approximately 2 million rubles.

The toilers of cooperative industry are manifesting a lot of enterprise in their work. During a number of years the cooperators of Lithuania have been fulfilling the plans and socialist obligations in regard to the sale of industrial products.

Unfortunately, at times the efficiency of work is lowered for a number of reasons over which we have no control, said comrade Yankauskas further. Let us take the delivery of trade receipts by enterprises of trade and public catering. The postal institutions accept the receipts until 12 p.m.; as a result, significant sums of cash remain in the cash registers of trade enterprises.

What is more, the republic office of Gosbank has prohibited its evening banks from accepting trade receipts from materially-responsible individuals, requiring that they be delivered to the centralized banks of the cooperative organizations, which makes it necessary to have 54 additional cashiers on the staff. And this problem demands its solution.

G. F. Bogacheva, Chairman of the Central Committee of the Trade Union of Workers in State Trade and Consumers' Cooperatives

The increase in the quality and efficiency of the activity of consumers' cooperatives in the light of the decisions of the 26th CPSU Congress and the November (1981) Plenum of the CPSU CC requires great efforts and purposeful organizational work on the part of both the economic and the trade union organs. At the present time the work collectives are competing in honor of the 60th Anniversary of the Formation of the USSR for the ahead-of-schedule fulfillment of the plans and socialist obligations of the year 1982 and the 11th Five-Year Plan. In the course of the competition growth in commodity turnover is obtained by virtue of the growth of labor productivity without an increase in the number of workers, and rational and economical use is made of fuel-energy and other material resources. The task of the trade union organs jointly with the economic organizations is to support the initiative of the advanced workers and to create an atmosphere of creative search in every collective.

Special attention must be given to such an important form of socialist competition as the formulation of counterplans, about which comrade L. I. Brezhnev spoke from the platform of the 26th CPSU Congress and the 17th Congress of Trade Unions.

During the 10th Five-Year Plan the enterprises of cooperative industry, in addition to the basic plan, yearly produced an output valued at 25-30 million rubles by virtue of counterplans. But the practice of drawing up counterplans is still developing to an insufficient degree. Things are particularly bad in the Kazakh, Azerbaijan, Turkmen, Tajik and Kirgiz consumers' cooperatives. Analysis shows that the counterplans being adopted frequently prove to be by far lower than the realistic possibilities of the cooperative organizations and enterprises. This applies to the Ukrainian, Lithuanian, Armenian and some other consumers' cooperatives.

Counterplans, comrade Bogacheva noted, must be regarded as the most effective form of socialist obligations, which are directed towards the output of additional production, the economy of means and materials, the improvement of the quality of the production being turned out, the reduction of its production cost, and the increase of labor productivity. The practice of counterplans is a good means for the mobilization of internal reserves and the finding of additional resources.

During the years of the 10th Five-Year Plan significant qualitative changes have taken place in the consumers' cooperatives in the strengthening of the material-technical base, the responsibility for the safety of working conditions has increased, and the training of workers has improved. But at the same time the level of traumatism is not being lowered. Every year more than 100,000 workers of cooperatives do not go to work because of illness. This attests to the fact that not all economic managers are concerned with the creation of the proper working conditions, show indifference to the workers, and the trade union committees put up with the existing situation.

Labor protection, for example, is in poor shape in the Tajik Consumers' Cooperative. A check revealed the most flagrant violations of the health protection of the workers: The assignments for labor protection are not being mastered, the corresponding departmental services have not been fully staffed, the training of the



workers has not been organized, many indicators of the comprehensive plan for the improvement of working conditions have not been fulfilled and, as a result of this, production traumatism in the republic continues to remain significantly higher than on the average for the country.

Much will have to be done in regard to the improvement of housing conditions, the everyday conditions of the cooperators, and here much depends on the energy and initiative of the administrators of the consumers' cooperatives, on the persistence on the part of the trade union committees. In this connection general support should go to the initiative of the Belorussian cooperators, who have obligated themselves to build apartment houses in every rayon. This example ought to be adopted by all, all the more so because many consumers' cooperatives have their own good construction base, but make poor use of it for the construction of housing.

In the matter of increasing the quality and efficiency of the work of enterprises and organizations, improving trade services to the rural population, and eliminating existing negative phenomena, a great deal depends on the political-educational work. The duty of the trade union committees and groups is to create a healthy atmosphere in the collectives, to increase and develop the creative activity of the workers.

M. A. Amanov, Chairman of the Governing Board of the Kirgiz Consumers' Cooperative

The successful fulfillment of the plans and socialist obligations in regard to trade, public catering, the procurements and purchases of agricultural products and raw material, and their delivery to the all-union fund is seen by the Kirgiz cooperators as their international duty.

The fundamental base of the further development of all sectors of consumers' cooperatives is the build-up and use of capacities, the creation of the material-technical base. At the present time, 13 large specialized construction organizations headed by a trust are operating in the republic. During the past few years the volume of construction and installation work has increased more than eleven-fold, and in 1981 alone projects valued at 25.2 million rubles were introduced.

It is well known what losses waste and embezzlement bring to the cooperative economy. In our republic a decisive battle is being conducted for the eradication of this evil. If we draw a comparison with 1965, then the sum of misappropriations was reduced more than seven-fold, and the remainder of sums unaccounted for has been lowered significantly. The main direction in our activity is the improvement of the business of the selection, placement and training of the workers, and the intensification of the struggle for the safety of socialist property.

The speaker further dwelt on the measures taken by the governing board of the Kirgiz consumers' cooperatives which are directed against the encroachment of national property and at the liquidation of instances of mismanagement. Among these measures is the increase in the effectiveness of inter-departmental control, control and auditing work, and the strengthening of the staff of auditors and inventory specialists. In order to increase the role of document audits, it was decided to carry them out only under the direct leadership of the deputy chairmen and members of the governing boards of the republic consumers' cooperatives and oblast consumers' cooperatives, but the inventory check--under the leadership of the members of the

governing boards of the rayon consumers' cooperatives, the consumers' societies, and leading workers of enterprises and organizations.

But this is what worries us: The numerous audits have not led to an improvement of departmental control. Because of their position and qualifications, the auditors merely determine the shortages, but they do not uncover the mechanism of the crimes, they do not close the loop-holes for further misuses, and, consequently, they are doing a poor job of waging the struggle for the safety of socialist property. It has become necessary to create a competent commission for carrying out inventory check and audits, for a detailed analysis of the state of affairs in the enterprise being audited. A basic improvement is necessary in the activity of all links of intra-departmental control. This, in turn, will be conducive to an increase in the quality and efficiency of the activity of the consumers' cooperatives.

B. L. Reslavtsev, Chairman of the Governing Board of the Moscow Oblast Consumers' Cooperative

During the past year commodities valued at 360 million rubles--on the average 70-75 million rubles per year--were turned out in the cooperative enterprises of the oblast. In 1985 this volume will be brought up to at least 80-100 million rubles, basically in already existing production capacities and without an additional increase in the number of workers.

In the administration of industrial activity, we have embarked on the path of concentration, the creation of industrial combines. At the present time, there are 20 combines uniting 116 shops. In addition, rayon cooperative organizations and consumers' societies have 89 shops for the output of various kinds of production. Such a structure is flexible and sufficiently economical.

For the output of meat canned goods, sausage products, and smoked pork products, pork purchased from the population at contract prices and raised in the subsidiary economy is being used. Basically the fattening of the hogs is carried out with food wastes, the relative proportion of which to the total feed ration comes to 70 percent. At present the construction of a pigsty is being completed which will make it possible to guarantee the growth of livestock of hogs by virtue of our own reproduction.

For the expansion of production vacated premises are being used, which makes possible to enlarge production at accelerated rates and without significant capital expenditures.

Highly profitable is a combine for the processing of secondary raw materials. From textile, polymer and other types of raw materials, procured from the population and industry, the sewing of work gloves has been organized, the production of linoleum, tow, regenerated fiber, and other articles. During the past year alone, 580,000 pairs of gloves were produced from secondary textile raw material, their sale produced 220,000 rubles in profits, and--what is very important--220,000 square meters of new fabric were saved.

Taking into account certain difficulties with raw material, the cooperative production enterprises of the oblast are orienting themselves to the manufacture of the

most simple products from wood, rods, wool, non-standard tanning material, and other raw materials that are available in sufficient quantities.

One of the problems that has developed, said comrade Roslavytsev, is the coordination of the production of consumer goods from local raw material sources. The producers frequently orient themselves only to the local market. For this reason the volumes of output are at times small, but the production costs of the articles are high. Taking this into account, it would be expedient to have in the republic, and perhaps in Tsentrosoyuz, a coordination center for the control and regulation of the production volumes of different kinds of non-food commodities.

In turning out commodities in mass demand, including the simplest ones among them, the industrial combines are compelled to manufacture most of the types of equipment riggings independently. This takes a great deal of time, involves the violation of the procedure for the use of the non-staff wage fund, encourages cessation of work, and, as a result, lowers the general indicators of the work of enterprises. In our view, it is expedient to centralize the manufacture of equipment riggings, all the more so because Tsentrosoyuz and the Union of Consumers' Societies of the RSFSR have well-equipped machine building enterprises.

The plants of the Union of Consumers' Societies of the RSFSR and Tsentrosoyuz produce some types of non-standard equipment for food industries and at the same time do not produce at all the simplest equipment for the non-food group of commodities, in particular, limiters, clamps, rules, cutting knives, etc.

The development of production is also held back by the absence of plans for the construction of enterprises turning out non-food commodities. Perhaps it is not necessary to create new plans, but to prepare the necessary recommendations concerning the use of the plans that have already been developed for individual sectors of industry. This must be decided by our planning institute.

E. V. Sarkisyan, Chairman of the Governing Board of the Armenian Consumers' Cooperative

This is already the sixth time in succession that the Armenian SSR is presented with the Challenge Red Banner by the CPSU CC, the USSR Council of Ministers, the AUCCH, and the Central Committee of the All-Union Komsomol. The cooperators of Armenia are proud of the fact that they have made their contribution to the successes of the toilers in agriculture in the republic. To provide better services to the rural inhabitants is our constant slogan.

According to the results of the first year of the 11th Five-Year-Plan, the cooperators of the republic have secured the fulfillment of the plans for the socio-economic development of the ArSSR in all sectors of activity. A great deal of work is being carried out in regard to the investigation and increase of the production of food commodities. During the current five-year-plan they will amount to about 20 percent of the commodity payment of the commodity turnover. But because of insufficiently flexible commercial work there are still stoppages in the trade of daily necessities which are available in sufficient quantities at the bases. The working conditions and standards are still low in trade and public catering, and instances of the violation of the rules of Soviet trade still persist, especially

with respect to goods in high demand--which provokes the just displeasure of the buyers.

At the 17th Congress of the Trade Unions of the USSR, comrade L. I. Brezhnev spoke of the necessity of making control more effective. Our efforts are aimed precisely at this. The distribution, delivery and sale of commodities in high demand are presently placed under the control of the public organizations and, above all, the local Soviets of People's Deputies. We are convinced that the joint efforts of the local Soviets and the consumers' cooperatives will produce positive results.

Comrade Sarkisyan further touched on a number of unresolved questions. The creation of the Ministry of the Fruit and Vegetable Industry, he declared, significantly complicated the procurement activity of the cooperators as a result of the imprecise determination of the concept of "zone of activity of the procurement organization". Last year's experience in carrying out procurements based on the rayon principle led to large and unjustified expenditures. The cooperators had to transfer tens of thousands of tons of agricultural products, procured in some rayons, for sale into others, where the same products were produced. It is necessary to come to grips with the questions of dividing the territory into procurement zones and to arrange things in such a way that there is no repetition of last year's affair.

And further. Because of the increase of the proportion of some commodities (such as carpets, cut-glass ware, etc.) in trade, the share of others is lowered, including also daily necessities. As a result, both commodity turnover and the buyer suffer from a kind of fear of the development of above-norm remainders. To avoid this, obviously, the norm of working capital must be increased, as this was done in the state trade.

In line with the principle of our Hungarian colleagues, we should display great flexibility in the maneuvering with commodities. This applies, first of all, to the discount of commodities. A tardy discount of unmarketable commodities will bring great harm to the cooperative economy and our entire society as a whole. The turnover rate of working capital is slowed down, large amounts of money are expended for the preservation of these commodities, for interest paid for credit, and warehouse facilities are jammed up. And from the long preservation the quality of the commodities deteriorates even further. Thus, on all sides there are only losses. The situation that has been created insistently calls for a review of the existing rules governing the discount of commodities.

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## CONSUMPTION TRENDS AND POLICIES

### KOZLOV ON FRUIT AND VEGETABLE PLANS

Moscow IZVESTIYA in Russian 18 Jun 82 p 3

[Article by N. Kozlov, USSR minister of fruit and vegetable industry: "A Test of Staying Power"]

[Text] Comrade L.I. Brezhnev emphasized in his report at the May (1982) Plenum of the CPSU Central Committee: "We increasingly more frequently encounter the situation where production is not the bottleneck but storage and processing of products and getting them to the consumer are." These words fully apply to our sector.

In many of the country's regions, the ministry and its subdivisions together with party and soviet organs are achieving a marked improvement in providing cities and rayons with fruits and vegetables. The work methods of Omichka Agro-industrial Association have been approved at the ministry's collegium and have been recommended for wide-scale dissemination. On the basis of expanded specialization and an able combination of production and economic interests of the organizations comprising it, the collective supplies on practically a year-around uninterrupted basis a city of more than one million inhabitants with locally produced vegetables.

A few days ago, the newspaper IZVESTIYA described the work of Kievplodoovoshch-khoz Association. The operation of these and many other agroindustrial associations is in full accord with the party's policy of maximum provision of the population with those products that can be produced at the locations of consumption.

Of course, we have to take into consideration in our work the fact that climatic conditions are far from identical in our country. The provision of early vegetables in many regions depends on the organization of deliveries of this produce. As designated by the food program, the task is in particular to organize efficiently supply to the population of the cities of the Center and the North of the European portion of the country, the Urals, Siberia and the Far East with the produce of warmth-loving vegetable, fruit and berry crops grown in the southern regions of the country. It should also be said that much is being done for the solution of this problem. For example, farms of Azerbaijan SSR have already fulfilled the delivery plan for certain varieties of early vegetables to the all-union fund and are continuing their above-plan shipments. Vegetable shipments from Uzbekistan and Tajikistan are proceeding well.

The food program clearly defines both prospective long-term and current tasks. Workers of the agroindustrial complex are to improve significantly as early as this year the supply of food products to the population. The attention of the workers of the sector is even now concentrated on preparing available bases for reception of produce, especially during the period of mass harvesting. What is being done for this?

First, work is going on everywhere on the repair of fruit and vegetable storage facilities and on their operational equipment, and the training of service personnel is in progress. Efforts are being concentrated on putting into operation this year 340,000 tons of capacities for the storage of produce; more than half of them must become operational at production locations of fruits and vegetables.

This year we are counting on a significant reduction of losses of what has been grown through increased output of canned products. The plan for production of fruit and vegetable canned goods provides for an output of 9.3 billion standard cans, which is 19 percent more than in 1981. And here there is an important reserve--growth of the capacities of our canning plants. Through construction and reequipping, their capacities will be increased by 220 million standard cans.

Effective utilization of transport, especially of specialized transport, occupies an important place in the fruit and vegetable conveyor. Only recently has the ministry created an additional 16 motor enterprises for intercity shipments. The refrigeration park will be increased this year by 600 large-capacity machines. Consequently the possibility exists of significantly increasing shipments of early produce--in many cases reducing delivery time to the consumer of perishable products.

As an example, I would like to present the following fact. At the present time, early potatoes from Georgia are being brought to the trade network of Moscow in motorized refrigeration. Seven hundred motor vehicles of the ministry will bring to the capital more than 15,000 tons of early potatoes during the June and July days.

Railroad transport has undertaken the shipment of significant volumes of fruit and vegetable produce. This summer wide-scale use will be made of the system of through freight shipments in specially equipped railroad cars as well as refrigeration cars attached to passenger and mail-and-baggage trains. Our working contacts with pilots and river-transport workers are being expanded in this connection. At the same time, I would like to draw the attention of the pertinent departments to the fact that at times the turning over of cars is done on an irregular basis; the volume of motor-transport shipments is below our requirements. In a word here both we and our subcontractors have something to work on.

One more matter. We know that timely deliveries of fruits and vegetables in fresh and processed form to consumers largely depend on the existence of transport and technological packaging. It ought to be pointed out that thanks to the attention given by Gossnab USSR and the USSR Ministry of the Construction Materials Industry, there has been a certain improvement in providing

our enterprises and farms with tinsplate, wooden and glass containers. But it would be desirable for delivery time periods to be shifted from the end of the year to the third quarter, taking into account the seasonal character of the work and maintenance of deliveries in full volume.

The solution of these problems is aimed at fulfilling the directives of Comrade L.I. Brezhnev on the necessity of making ties between field and store shorter and simpler, which would be good for the work and for the consumer. The workers of the fruit and vegetable industry of the country will do everything possible to successfully fulfill designated plans and to worthily pass the test of the current year.

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Sept. 23, 1982